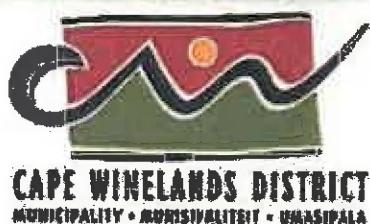


2018  
2019

# Annual Financial Statements



## Vision

A unified Cape Winelands of excellence for sustainable development

## Mission

Working together towards effective, efficient and economically sustainable development

2019 -11- 30

AUDITOR - GENERAL  
SOUTH AFRICA

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## General Information

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### Legal form of entity

Municipality (MFMA)

The Cape Winelands District Municipality is a district municipality located in the Boland region of the Western Cape province of South Africa and include the local municipalities of Witzenberg, Drakenstein, Stellenbosch, Breede Valley and Langeberg (Municipal code: DC2)

### Nature of business and principal activities

The Municipality is a local authority that -  
a) Ensures comprehensive and equitable Municipal Health Services within the Cape Winelands;  
b) Ensures co-ordination of multi-disciplinary and sectorial disaster risk reduction through integrated institutional capacity for Disaster Risk Management, Disaster Risk Assessment, Response and Recovery;  
c) Provides effective planning and co-ordination of fire fighting services, prevention activities and training services throughout the Cape Winelands;  
d) Facilitates environmentally sustainable economic development & investment attraction as well as retention through the development and management of strategic partnerships;  
e) Facilitates skills development within the Cape Winelands District Municipality by means of knowledge management and social infrastructure investment;  
f) Facilitates the creation of sustainable jobs within the Cape Winelands through the provision and maintenance of economic infrastructure;  
g) Provides support and shared services to local municipalities to facilitate economic development planning within the Cape Winelands;  
h) Increases access to safe and efficient transport;  
i) Develops integrated and sustainable human settlements;  
j) Integrates service delivery for maximum impact;  
k) Creates opportunities for growth and development in rural areas; and  
l) Empowers vulnerable groups, build human capital, invest in social capital and rural development programmes.

### Mayoral committee

Ald. (Dr) H VON SCHLICHT

Cllr. C MEYER

Cllr. D SWART

Cllr. G.J CARINUS

Cllr. J.J DU PLESSIS

Cllr. L.W NIEHAUS

Cllr. A. FLORENCE

Cllr. P.C RAMOKHABI

Cllr. J.D.F VAN ZYL

Cllr. D.D. JOUBERT (APPOINTED 01/08/2018)

### Other Councillors

Cllr. Z.L MASOKA - (APPOINTED 14/05/2018)

Cllr. C DAMENS

Cllr. X KALIPA

Cllr. L.N SIWAKAMISA

Cllr. J.S MOUTON

Cllr. P MARRAN - (RESIGNED 14/05/2019)

Cllr. E.S.C MATJAN

Cllr. A CROMBIE

Cllr. R.B ARNOLDS - (RESIGNED 02/04/2018)

Cllr. J.J VAN ROOYEN



## **Cape Winelands District Municipality**

Financial Statements for the year ended 30 June 2019

### **General Information**

Cllr. C STEYN  
Cllr. E QHANKQISO  
Cllr. B.B NTSHINGILA  
Cllr. W.M BLOM  
Cllr. G.J FREDERICKS  
Cllr. S.S MAGQAZANA  
Cllr. D.R.A SNYDERS  
Cllr. M.M ADRIAANSE - (RESIGNED 10/09/2018)  
Cllr. E GOUWS - (RESIGNED 10/09/2018)  
Cllr. P HESS  
Cllr. J.W SCHUURMAN  
Cllr. M.T KLAAS  
Cllr. R DU TOIT  
Cllr. L LANDU  
Cllr. W VROLICK  
Cllr. N.S LOUW - (RESIGNED 25/07/2018)  
Cllr. R.S NALUMANGO  
Cllr. P DANIELS  
Cllr. A.J SHIBILI  
Cllr. C.F WILSKUT  
Cllr. L.S SAMBOKWE  
Cllr. N TETENA  
Cllr. S.C RENS  
Cllr. J. SMIT - (APPOINTED 02/10/2018)  
Cllr. N.D. SAUERMAN - (APPOINTED 02/10/2018)

**Grading of local authority**

GRADE 4

MEDIUM CAPACITY

**Municipal Manager**

H.F PRINS

**Chief Financial Officer (CFO)**

F.A DU RAAN - GROENEWALD

**Registered office**

46 ALEXANDER STREET  
STELLENBOSCH  
7600

**Postal address**

P.O.BOX 100  
STELLENBOSCH  
7599

**Telephone**

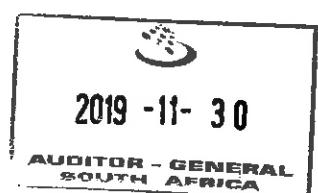
0861 265 263

**Bankers**

NEDBANK

**Auditors**

AUDITOR GENERAL OF SOUTH AFRICA (AGSA)



# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Index

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The reports and statements set out below comprise of the financial statements presented to the council:

	Page
Accounting Officer's Responsibilities and Approval	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9 - 12
Accounting Policies	13 - 34
Notes to the Financial Statements	35 - 108
Appendixes:	
Appendix A: Appropriation Statement	109
Appendix B: Benefits of business associates	115

IDP	Integrated Development Plan
CRR	Capital Replacement Reserve
LGSETA	Local Government Sector Education and Training Authority
mSCOA	municipal Standard Chart of Accounts
GRAP	Generally Recognised Accounting Practice
DEA	Department of Environmental Affairs
PRMA	Post Retirement Medical Aid
RRAMS	Rural Roads Asset Management System
MPAC	Municipal Public Accounts Committee
IPSAS	International Public Sector Accounting Standards
Cllr	Councillor
LED	Local Economic Development
MFMA	Municipal Finance Management Act
PMS	Performance Management System
CWDM	Cape Winelands District Municipality
MSA	Municipal Systems Act
WCA	Workmen's Compensation Assistance



**Cape Winelands District Municipality**  
Financial Statements for the year ended 30 June 2019

## **Accounting Officer's Responsibilities and Approval**

The accounting officer is required by the Local Government: Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the financial statements fairly present the state of affairs of the Municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and are given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any Interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

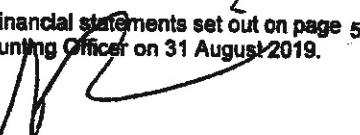
The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the Municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer set standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the Municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Municipality is on identifying, assessing, managing and monitoring all known forms of risk across the Municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

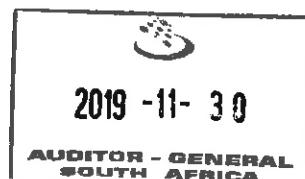
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the Municipality's cash flow forecast for the year to 30 June 2020 and, in the light of this review and the current financial position, he is satisfied that the Municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, the accounting officer is supported by the Municipality's internal auditors.

The financial statements set out on page 5 - 108, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2019.

  
**Accounting Officer**  
HF Prins



# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Statement of Financial Position as at 30 June 2019

Figures in Rand	Note(s)	2019	2018 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	656 290 226	616 034 060
Other receivables from exchange transactions	4	30 004 426	25 490 823
Trade receivables from exchange transactions	5	34 770	14 649
Inventories	6	2 532 251	2 359 893
VAT receivable	7	110 626	3 275 644
Receivables from non-exchange transactions	8	73 254	69 458
Employee benefit asset	15	2 632 167	2 416 597
		<b>691 677 720</b>	<b>649 661 124</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	9	152 731 366	151 213 466
Intangible assets	10	526 592	634 690
Employee benefit asset	15	14 008 329	22 677 800
		<b>167 266 287</b>	<b>174 525 956</b>
<b>Non-Current Assets</b>		<b>167 266 287</b>	<b>174 525 956</b>
<b>Current Assets</b>		<b>691 677 720</b>	<b>649 661 124</b>
<b>Total Assets</b>		<b>858 944 007</b>	<b>824 187 080</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Operating lease liability	11	-	13 605
Unspent conditional grants and receipts	13	4 597 666	2 929 750
Payables from exchange transactions	14	4 445 146	9 953 174
Employee benefit obligation	15	29 414 165	29 267 194
Provisions	41	13 471	21 620
		<b>38 470 448</b>	<b>42 185 343</b>
<b>Non-Current Liabilities</b>			
Operating lease liability	11	-	6 477
Employee benefit obligation	15	145 267 952	157 665 465
		<b>145 267 952</b>	<b>157 671 942</b>
<b>Non-Current Liabilities</b>		<b>145 267 952</b>	<b>157 671 942</b>
<b>Current Liabilities</b>		<b>38 470 448</b>	<b>42 185 343</b>
<b>Total Liabilities</b>		<b>183 738 400</b>	<b>199 857 285</b>
<b>Assets</b>		<b>858 944 007</b>	<b>824 187 080</b>
<b>Liabilities</b>		<b>(183 738 400)</b>	<b>(199 857 285)</b>
<b>Net Assets</b>		<b>675 205 607</b>	<b>624 329 795</b>
Accumulated surplus	16	675 205 607	624 329 795

\* See Note 31



**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Statement of Financial Performance**

Figures in Rand	Note(s)	2019	2018 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	17	136 065	70 756
Rental of facilities and equipment	18	248 345	123 908
Agency services	19	108 552 545	96 154 321
Other income	20	3 389 329	1 525 810
Interest received - investment	21	54 293 664	51 928 028
<b>Total revenue from exchange transactions</b>		<b>166 619 948</b>	<b>149 802 823</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants and subsidies	22	231 988 667	230 433 575
Fines, penalties and forfeits		-	2 000
<b>Total revenue from non-exchange transactions</b>		<b>231 988 667</b>	<b>230 435 575</b>
<b>Total revenue</b>		<b>398 608 615</b>	<b>380 238 398</b>
<b>Expenditure</b>			
Employee related costs	24	(179 039 248)	(185 397 997)
Remuneration of councillors	25	(12 171 102)	(11 330 916)
Depreciation and amortisation	26	(11 758 024)	(10 012 959)
Finance costs	27	-	(91)
Lease rentals on operating lease		(285 499)	(484 240)
Debt impairment	28	(55 718)	-
Debt impairment reversal	28	-	2 187 943
Bad debt written off		-	(2 257 634)
Contracted services	43	(43 484 511)	(50 293 034)
Transfers and Subsidies	42	(11 423 783)	(13 495 524)
Loss on disposal of assets		(881 488)	(8 965 309)
Inventories losses/write-downs		(43 355)	-
General Expenses	29	(88 590 074)	(81 153 661)
<b>Total expenditure</b>		<b>(347 732 802)</b>	<b>(361 203 422)</b>
<b>Total revenue</b>		<b>398 608 615</b>	<b>380 238 398</b>
<b>Total expenditure</b>		<b>(347 732 802)</b>	<b>(361 203 422)</b>
<b>Surplus for the year</b>		<b>50 875 813</b>	<b>19 034 976</b>



\* See Note 31

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

### Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	602 274 992	602 274 992
Prior year adjustments (note 31)	3 019 827	3 019 827
<b>Balance at 01 July 2017 as restated*</b>	<b>605 294 819</b>	<b>605 294 819</b>
Changes in net assets		
Surplus previous year (2017/2018)	19 995 832	19 995 832
Prior year adjustments (2017/2018)	(960 856)	(960 856)
Restated surplus 2017/2018	19 034 976	19 034 976
<b>Restated* Balance at 01 July 2018</b>	<b>624 329 794</b>	<b>624 329 794</b>
Changes in net assets		
Surplus for the year	50 875 813	50 875 813
Total changes	50 875 813	50 875 813
<b>Balance at 30 June 2019</b>	<b>675 205 607</b>	<b>675 205 607</b>
Note(s)	16	

\* See Note 31



# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Cash Flow Statement

Figures in Rand	Note(s)	2019	2018 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		111 272 150	99 462 012
Grants		231 988 667	230 433 575
Interest income		53 964 794	42 739 011
		<b>397 225 611</b>	<b>372 634 598</b>
<b>Payments</b>			
Employee costs		(182 881 105)	(173 313 216)
Suppliers		(147 867 921)	(146 245 532)
Other payments: Remuneration to Councillors		(12 171 102)	(11 330 916)
		<b>(342 920 128)</b>	<b>(330 889 664)</b>
Total receipts		<b>397 225 611</b>	<b>372 634 598</b>
Total payments		<b>(342 920 128)</b>	<b>(330 889 664)</b>
<b>Net cash flows from operating activities</b>	<b>32</b>	<b>54 305 483</b>	<b>41 744 934</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	(13 984 893)	(18 208 008)
Proceeds from sale of property, plant and equipment	9	198 890	431 936
Purchase of other intangible assets	10	(263 312)	(61 760)
<b>Net cash flows from Investing activities</b>		<b>(14 049 315)</b>	<b>(17 837 832)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments	12	-	(3 544)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>40 256 168</b>	<b>23 903 558</b>
Cash and cash equivalents at the beginning of the year		616 034 060	592 130 504
<b>Cash and cash equivalents at the end of the year</b>	<b>3</b>	<b>656 290 228</b>	<b>616 034 062</b>

\* See Note 31



# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	200 000	(63 900)	136 100	136 065	(35)	Note 47
Rental of facilities and equipment	220 000	28 400	248 400	248 345	(55)	Note 47
Agency services	128 389 753	(2 024 970)	126 364 783	108 552 545	(17 812 238)	Note 47
Other revenue	2 473 990	814 600	3 288 590	3 389 329	100 739	Note 47
Interest received - investment	54 000 000	1 245 870	55 245 870	54 293 664	(952 206)	Note 47
<b>Total revenue from exchange transactions</b>	<b>185 283 743</b>	-	<b>185 283 743</b>	<b>166 619 948</b>	<b>(18 663 795)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants and subsidies	235 733 652	-	235 733 652	231 988 667	(3 744 985)	Note 47
<b>Total revenue</b>	<b>421 017 395</b>	-	<b>421 017 395</b>	<b>398 608 615</b>	<b>(22 408 780)</b>	
<b>Expenditure</b>						
Employee related costs	(215 644 511)	(1 347 600)	(216 992 111)	(179 039 248)	37 952 863	Note 47
Remuneration of councillors	(12 458 055)	-	(12 458 055)	(12 171 102)	286 953	Note 47
Depreciation and amortisation	(9 989 893)	(3 105 460)	(13 095 353)	(11 758 024)	1 337 329	Note 47
Lease rentals on operating lease	(1 029 000)	742 300	(286 700)	(285 499)	1 201	Note 47
Debt Impairment	-	(55 750)	(55 750)	(55 718)	32	Note 47
Bad debt written off	(1 186 275)	120 000	(1 066 275)	-	1 066 275	Note 47
Contracted Services	(62 672 512)	4 592 083	(58 080 429)	(43 484 511)	14 595 918	Note 47
Transfers and Subsidies	(10 856 300)	(1 570 000)	(12 426 300)	(11 423 783)	1 002 517	Note 47
General Expenses	(105 215 568)	1 576 087	(103 639 481)	(88 590 074)	15 049 407	Note 47
<b>Total expenditure</b>	<b>(419 052 114)</b>	<b>951 660</b>	<b>(418 100 454)</b>	<b>(346 807 959)</b>	<b>71 292 495</b>	
<b>Operating surplus</b>	<b>1 965 281</b>	<b>951 660</b>	<b>2 916 941</b>	<b>51 800 656</b>	<b>48 883 715</b>	
Loss on disposal of assets	(20 000)	(908 260)	(928 260)	(881 488)	46 772	Note 47
Inventories losses/write-downs	-	(43 400)	(43 400)	(43 355)	45	Note 47
	<b>(20 000)</b>	<b>(951 660)</b>	<b>(971 660)</b>	<b>(924 843)</b>	<b>46 817</b>	
<b>Surplus</b>	<b>1 945 281</b>	-	<b>1 945 281</b>	<b>50 875 813</b>	<b>48 930 532</b>	



# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	1 800 000	-	1 800 000	2 532 251	732 251	Note 47
Other receivables from exchange transactions	34 508 595	-	34 508 595	30 004 426	(4 504 169)	Note 47
Receivables from non-exchange transactions	74 000	-	74 000	73 254	(746)	Note 47
VAT receivable	112 000	-	112 000	110 626	(1 374)	Note 47
Employee benefit asset	2 500 000	-	2 500 000	2 632 167	132 167	Note 47
Trade receivables from exchange transactions	15 000	-	15 000	34 770	19 770	Note 47
Cash and cash equivalents	640 579 304	-	640 579 304	656 290 226	15 710 922	Note 47
	<b>679 588 899</b>	-	<b>679 588 899</b>	<b>691 677 720</b>	<b>12 088 821</b>	
<b>Non-Current Assets</b>						
Property, plant and equipment	162 847 621	-	162 847 621	152 731 366	(10 116 255)	Note 47
Intangible assets	780 874	-	780 874	526 592	(254 282)	Note 47
Employee benefit asset	22 000 000	-	22 000 000	14 008 329	(7 991 671)	Note 47
	<b>185 628 495</b>	-	<b>185 628 495</b>	<b>167 266 287</b>	<b>(18 362 208)</b>	
Non-Current Assets	<b>679 588 899</b>	-	<b>679 588 899</b>	<b>691 677 720</b>	<b>12 088 821</b>	
Current Assets	<b>185 628 495</b>	-	<b>185 628 495</b>	<b>167 266 287</b>	<b>(18 362 208)</b>	
<b>Total Assets</b>	<b>865 217 394</b>	-	<b>865 217 394</b>	<b>858 944 007</b>	<b>(6 273 387)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Payables from exchange transactions	14 633 000	-	14 633 000	4 445 148	(10 187 852)	Note 47
Employee benefit obligation	30 056 434	-	30 056 434	29 414 165	(642 269)	Note 47
Unspent conditional grants and receipts	2 000 000	-	2 000 000	4 597 666	2 597 666	Note 47
Provisions	14 000	-	14 000	13 471	(529)	Note 47
	<b>46 703 434</b>	-	<b>46 703 434</b>	<b>38 470 450</b>	<b>(8 232 984)</b>	
<b>Non-Current Liabilities</b>						
Employee benefit obligation	159 166 474	-	159 166 474	145 267 952	(13 898 522)	Note 47
	<b>46 703 434</b>	-	<b>46 703 434</b>	<b>38 470 450</b>	<b>(8 232 984)</b>	
	<b>159 166 474</b>	-	<b>159 166 474</b>	<b>145 267 952</b>	<b>(13 898 522)</b>	
<b>Total Liabilities</b>	<b>205 869 908</b>	-	<b>205 869 908</b>	<b>183 738 402</b>	<b>(22 131 506)</b>	
Assets	865 217 394	-	865 217 394	858 944 007	(6 273 387)	
Liabilities	(205 869 908)	-	(205 869 908)	(183 738 402)	22 131 506	
<b>Net Assets</b>	<b>659 347 486</b>	-	<b>659 347 486</b>	<b>675 205 605</b>	<b>15 858 119</b>	



## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<u>Figures in Rand</u>						
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	659 347 486	-	<b>659 347 486</b>	675 205 605	<b>15 858 119</b>	Note 47



## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Sale of goods and services	128 506 843	-	128 506 843	111 272 150	(17 234 693)	Note 47
Grants	234 522 652	-	234 522 652	231 988 667	(2 533 985)	Note 47
Interest income	51 000 000	-	51 000 000	53 964 794	2 964 794	Note 47
	<b>414 029 495</b>	-	<b>414 029 495</b>	<b>397 225 611</b>	<b>(16 803 884)</b>	
<b>Payments</b>						
Employee costs	(198 297 075)	-	(198 297 075)	(182 881 105)	15 415 970	Note 47
Suppliers	(161 916 167)	-	(161 916 167)	(147 867 921)	14 048 246	Note 47
Other payments: remuneration to councillors	(12 458 055)	-	(12 458 055)	(12 171 102)	286 953	Note 47
	<b>(372 671 297)</b>	-	<b>(372 671 297)</b>	<b>(342 920 128)</b>	<b>29 751 169</b>	
Total receipts	<b>414 029 495</b>	-	<b>414 029 495</b>	<b>397 225 611</b>	<b>(16 803 884)</b>	
Total payments	<b>(372 671 297)</b>	-	<b>(372 671 297)</b>	<b>(342 920 128)</b>	<b>29 751 169</b>	
<b>Net cash flows from operating activities</b>	<b>41 358 198</b>	-	<b>41 358 198</b>	<b>54 305 483</b>	<b>12 947 285</b>	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(16 812 960)	-	(16 812 960)	(13 984 893)	2 828 067	Note 47
Proceeds from sale of property, plant and equipment	-	-	-	198 890	198 890	Note 47
Purchase of other intangible assets	-	-	-	(263 312)	(263 312)	Note 47
<b>Net cash flows from investing activities</b>	<b>(16 812 960)</b>	-	<b>(16 812 960)</b>	<b>(14 049 315)</b>	<b>2 763 645</b>	
Net increase/(decrease) in cash and cash equivalents	24 545 238	-	24 545 238	40 256 168	15 710 930	
Cash and cash equivalents at the beginning of the year	616 034 060	-	616 034 060	616 034 060	-	
<b>Cash and cash equivalents at the end of the year</b>	<b>640 579 298</b>	-	<b>640 579 298</b>	<b>656 290 228</b>	<b>15 710 930</b>	



# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

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## 1. Presentation of Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

All figures have been rounded to the nearest Rand.

These annual financial statements have been prepared on a going concern basis.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied with the previous period in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

#### Receivables

The municipality assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the Municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on an individual basis. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

#### Impairment testing

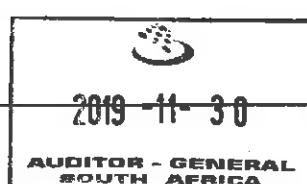
The recoverable (service) amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

#### Value in use of cash generating assets:

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including economic factors such as inflation and interest.

#### Value in use of non-cash generating assets:

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.



# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.1 Significant judgements and sources of estimation uncertainty (continued)

#### Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on historical data collected by the municipality. The estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

#### Post-retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post-retirement obligations. The most appropriate discount rate that reflects the time value of money is with reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficient long maturity to match the estimated maturity of all benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 15.

#### Effective interest rate

The municipality used the prime lending rate to discount future cash flows.

#### Allowance for impairment

For receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

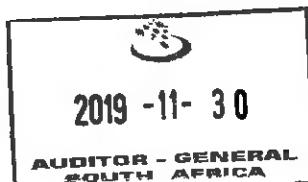
### 1.2 Reserves

#### Internal ring fenced reserves

##### Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. The amount transferred to the CRR is based on the Municipality's need to finance future capital projects included in the Integrated Development Plan. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when funds from the CRR are utilised.

- The cash is invested until it is utilised. The cash may only be invested in accordance with the Cash Management and Investments Policy of the municipality.
- Interest earned on the CRR investment is recorded as part of the total interest earned in the Statement of Financial Performance, whereafter such interest may be transferred from accumulated surplus to CRR.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the Municipality and may not be used for the maintenance of these items.
- If gains or losses are made on the sale of assets, these are reflected in the Statement of Financial Performance.



# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.2 Reserves (continued)

#### Government grant reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grants Reserve equal to the Government Grant recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus.

#### Accumulated Surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus. Prior year adjustments, relating to income and expenditure, are debited/credit against accumulated surplus when retrospective adjustments are made.

### 1.3 Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with a maturity period of between three and twelve months and are subject to an insignificant risk of change in value. Cash and cash equivalents recorded at amortised cost in the annual financial statements approximate their fair values.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash with bank, net of bank overdrafts. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

Amounts recovered from the Western Cape Provincial Government in respect of the future medical liability of the road staff are included in the balance of cash and cash equivalents.

### 1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the supply of services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, the cost is considered to be the fair value as at date of acquisition.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Accounting Policies

### 1.4 Property, plant and equipment (continued)

Subsequent to initial recognition, items of property, plant and equipment are measured as follows:

- (i) Plant and equipment - at cost less accumulated depreciation and accumulated impairment losses
- (ii) Buildings - at cost less accumulated depreciation and accumulated impairment losses

#### Depreciation

Depreciation is calculated using the straight line method, over the estimated useful lives to their estimated residual value of the assets. The depreciation rates are based on the following estimated useful lives for the current and comparative years:

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Estimated useful life
Buildings	Straight line	30-50
Infrastructure	Straight line	15-50
Furniture and fittings	Straight line	3-20
Motor vehicles	Straight line	5-27
Office equipment	Straight line	3-20
Plant and equipment	Straight line	3-50
Other property, plant and equipment	Straight line	3-46
Leased assets	Straight line	5-9

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 9).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

#### Impairment

In assessing whether there is any indication that the expected useful life of an asset has changed, the municipality considers the following indications:

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.4 Property, plant and equipment (continued)

- (a) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.
- (b) The use of the asset has changed, because of the following:
  - (i) The entity has changed the manner in which the asset is used.
  - (ii) The entity has changed the utilisation rate of the asset.
  - (iii) The entity has made a decision to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.
  - (iv) Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset.
  - (v) Legal or similar limits placed on the use of the asset have changed.
  - (vi) The asset was idle or retired from use during the reporting period.
- (c) The asset is approaching the end of its previously expected useful life.
- (d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.
- (e) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.
- (f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period.

### 1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired at no cost, or for a nominal cost, its cost is its fair value at the date of acquisition.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Accounting Policies

### 1.5 Intangible assets (continued)

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	3 - 10 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

### 1.6 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

#### Recognition

The Municipality's heritage assets are culturally significant resources. These assets, in addition to meeting the definition of a Heritage asset, are currently in use as office accommodation and therefore meets the definition of Property, Plant and Equipment.

Heritage assets are not recognised as a heritage asset even though the definition of a heritage asset is met, because a significant portion is applied for administrative purposes.

Heritage assets are accounted for in accordance with the Standard of GRAP on Property, Plant and Equipment (GRAP 17). Refer to note 1.4

The Municipality has the following registered Heritage Assets:

- Building at 46 Alexander Street, Stellenbosch was declared as a Provincial Heritage site on 8 September 1967.
- Building at 194 Main Road, Paarl.

#### Impairment

On an annual basis the municipality assess heritage assets for any indications of impairment. The municipality uses the following guidance provided by GRAP 21 and 26 (Impairment of cash and non-cash generated assets). The indicators for impairment may include but are not limited to:

##### External sources:

Changes in the market- if there is a significant decrease in the market value of the similar item;

Changes in the market- absence of an active market for a revalued heritage asset for example if the supplier has been liquidated, .

##### Internal sources:

Significant change with an adverse effect on the entity- spare parts are no longer available and changes in technology took place.

Physical damage to the heritage asset or prolonged deterioration affecting its value.

### 1.7 Changes in accounting policies, estimates errors

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the Municipality restates the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.7 Changes in accounting policies, estimates errors (continued)

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors are applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the Municipality restates the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to applicable note to the annual financial statements for details of corrections of errors recorded during the period under review.

### 1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

#### Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

#### Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.

All financial assets measured at amortised cost are subject to an impairment review.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability in the case of a financial asset.

#### Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

### Accounting Policies

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#### 1.8 Financial instruments (continued)

##### Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

##### Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

##### Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are recognised at revenue.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.8 Financial instruments (continued)

#### Derecognition

##### Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

##### Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from non-exchange transactions.

### 1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the prime lending rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

### Accounting Policies

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#### 1.9 Leases (continued)

##### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

The difference between the amounts recognised as revenue and the contractual receipts are recognised as an operating lease asset or liability.

##### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

#### 1.10 Inventories

Inventories consist of unsold properties and consumables.

##### Initial measurement

Inventories are initially measured at cost. Cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition. Where inventories are acquired at no cost or for nominal consideration, the cost is deemed to be the fair value as at the date of acquisition. Direct costs relating to unsold properties are accumulated for each separately identifiable development.

##### Subsequent measurement

Unsold properties and consumables to be distributed at no or nominal consideration are subsequently measured at the lower of cost and current replacement cost.

Roads inventory to be distributed at no or nominal consideration or to be consumed in the production process of goods to be distributed at no or nominal consideration are subsequently measured at the lower of cost and current replacement cost.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

##### Derecognition

The Municipality derecognises unsold low cost housing contained in inventory when construction of such properties has been completed and occupation of houses taken by the beneficiaries. At date of derecognition, the expense is recognised in the Statement of Financial Performance.

When other inventories are utilised or consumed, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.11 Grants in Aid

The Municipality annually awards grants to organisations in terms of Section 67 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003). When making these transfers, the Municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

### 1.12 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

### 1.13 Budget information

The Municipality is subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

The approved budget covers the period from 2018/07/01 to 2019/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts as prescribed in GRAP 24.

A comparison of actual vs. budgeted revenue and expenditure is disclosed in the Statement of Comparison of Budget and actual amounts and reasons for variances in excess of 10%.

### 1.14 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.14 Related parties (continued)

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements.

### 1.15 Value added Tax (VAT)

The municipality is registered with the South African Revenue Services (SARS) for VAT on the invoice basis, in accordance with Section 15(1) of the VAT Act (Act No. 89 of 1991).

### 1.16 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

#### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

#### Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

### Accounting Policies

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#### 1.16 Impairment of cash-generating assets (continued)

##### Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current prime lending rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of a cash generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

##### Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. The municipality uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.16 Impairment of cash-generating assets (continued)

#### Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

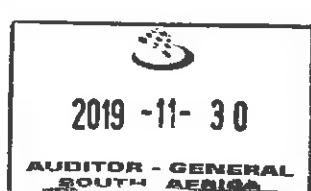
### 1.17 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

#### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.



# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.17 Impairment of non-cash-generating assets (continued)

#### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

#### Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Reversal of an Impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Accounting Policies

### 1.18 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality; or
- a present obligation that arises from past events but is not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
  - the amount of the obligation cannot be measured with sufficient reliability.

### 1.19 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

### 1.20 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.20 Revenue from exchange transactions (continued)

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Agency fees are recognised to the extent of work performed.

#### Interest

Revenue arising from the use by others of municipal assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest method.

### 1.21 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.21 Revenue from non-exchange transactions (continued)

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

#### Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

#### Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

#### Services In-kind

Services in-kind are not recognised.

### 1.22 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.23 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to notes 32 for detail.

### 1.24 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2003), and includes:

- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.25 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.



# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.25 Fruitless and wasteful expenditure (continued)

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.26 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.27 Employee benefits

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

#### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.27 Employee benefits (continued)

#### Long term receivable

When, and only when, it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, a municipality shall recognise its right to reimbursement as a separate asset. The municipality shall measure the asset at fair value. In all other respects, the municipality shall treat that asset in the same way as plan assets. In the statement of financial performance, the expense relating to a defined benefit plan may be presented net of the amount recognised for a reimbursement.

The municipality recognised a long term receivable relating to the recoveries from the Department of Transport and Public Works in respect of the post-employment medical benefit relating to the roads staff.

The assumptions used by the actuaries to calculate the portion of the roads staff are the same as that used to calculate the amount of the liability relating to the post-employment medical aid.

#### Multi-employer plans

The entity classifies a multi-employer plan as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined benefit plan, the entity accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the entity account for the plan as if it was a defined contribution plan.

#### Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.27 Employee benefits (continued)

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above are recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.27 Employee benefits (continued)

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

#### Other long-term employee benefits

The amount recognised as a liability for other long-term service awards is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

Figures in Rand	2019	2018
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### 2. New standards and interpretations

#### 2.1 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

#### 2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2019 or later periods:

#### IGRAP 20: Accounting for Adjustments to Revenue

As per the background to this Interpretation of the Standards of GRAP, there are a number of legislative and regulatory processes that govern how entities levy, charge or calculate revenue, in the public sector. Adjustments to revenue already recognised in terms of legislation or similar means arise from the completion of an internal review process within the entity, and/or the outcome of an external appeal or objection process undertaken in terms of legislation or similar means. Adjustments to revenue include any refunds that become payable as a result of the completion of a review, appeal or objection process. The adjustments to revenue already recognised following the outcome of a review, appeal or objection process can either result in a change in an accounting estimate, or a correction of an error.

As per the scope, this Interpretation of the Standards of GRAP clarifies the accounting for adjustments to exchange and non-exchange revenue charged in terms of legislation or similar means, and interest and penalties that arise from revenue already recognised as a result of the completion of a review, appeal or objection process. Changes to the measurement of receivables and payables, other than those changes arising from applying this Interpretation, are dealt with in accordance with the applicable Standards of GRAP. The principles in this Interpretation may be applied, by analogy, to the accounting for adjustments to exchange or non-exchange revenue that arises from contractual arrangements where the fact patterns are similar to those in the Interpretation.

The interpretation sets out the issues and relating consensus with accounting for adjustments to revenue.

The effective date of the interpretation is for years beginning on or after 01 April 2020.

The municipality expects to adopt the interpretation for the first time in the 2019/2020 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

#### GRAP 34: Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

It furthermore covers Definitions, Preparation of separate financial statements, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The municipality expects to adopt the standard for the first time in the 2019/2020 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

#### GRAP 35: Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:

- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

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#### 2. New standards and interpretations (continued)

- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers Definitions, Control, Accounting requirements, Investment entities: Fair value requirement, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The municipality expects to adopt the standard for the first time in the 2019/2020 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

#### GRAP 36: Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

It furthermore covers Definitions, Significant influence, Equity method, Application of the equity method, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The municipality expects to adopt the standard for the first time in the 2019/2020 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

#### GRAP 37: Joint Arrangements

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers Definitions, Joint arrangements, Financial statements and parties to a joint arrangement, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020

The municipality expects to adopt the standard for the first time in the 2019/2020 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

#### GRAP 38: Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers Definitions, Disclosing information about interests in other entities, Significant judgements and assumptions, Investment entity status, Interests in controlled entities, Interests in joint arrangements and associates, Interests in structured entities that are not consolidated, Non-qualitative ownership interests, Controlling interests acquired with the intention of disposal, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The municipality expects to adopt the standard for the first time in the 2019/2020 financial statements.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

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### 2. New standards and interpretations (continued)

It is unlikely that the standard will have a material impact on the municipality's financial statements.

#### GRAP 110 (as amended 2016): Living and Non-living Resources

The objective of this Standard is to prescribe the:

- recognition, measurement, presentation and disclosure requirements for living resources; and
- disclosure requirements for non-living resources

It furthermore covers Definitions, Recognition, Measurement, Depreciation, Impairment, Compensation for impairment, Transfers, Derecognition, Disclosure, Transitional provisions and Effective date.

The subsequent amendments to the Standard of GRAP on Living and Non-living Resources resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23; and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when a living resource is revalued; To clarify acceptable methods of depreciating assets; and To define a bearer plant and include bearer plants within the scope of GRAP 17 or GRAP 110, while the produce growing on bearer plants will remain within the scope of GRAP 27

The effective date of the standard is for years beginning on or after 01 April 2020.

The municipality expects to adopt the standard for the first time in the 2019/2020 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

#### IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue

The amendments to this Interpretation of the Standard of GRAP clarifies that the entity should also consider other factors in assessing the probability of future economic benefits or service potential to the entity. Entities are also uncertain of the extent to which factors, other than the uncertainty about the collectability of revenue, should be considered when determining the probability of the inflow of future economic benefits or service potential on initial recognition of revenue. For example, in providing certain goods or services, or when charging non-exchange revenue, the amount of revenue charged may be reduced or otherwise modified under certain circumstances. These circumstances include, for example, where the entity grants early settlement discounts, rebates or similar reductions based on the satisfaction of certain criteria, or as a result of adjustments to revenue already recognised following the outcome of any review, appeal or objection process.

The consensus is that on initial recognition of revenue, an entity considers the revenue it is entitled to, following its obligation to collect all revenue due to it in terms of legislation or similar means. In addition, an entity considers other factors that will impact the probable inflow of future economic benefits or service potential, based on past experience and current facts and circumstances that exist on initial recognition.

A municipality applies judgement based on past experience and current facts and circumstances.

The effective date of the amendment is for years beginning on or after 01 April 2019.

The municipality expects to adopt the interpretation for the first time in the 2019/2020 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

#### GRAP 18 (as amended 2016): Segment Reporting

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

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### 2. New standards and Interpretations (continued)

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

The subsequent amendments to the Standard of GRAP on Segment Reporting resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

The most significant changes to the Standard are:

- General improvements: An appendix with illustrative segment disclosures has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the standard is for years beginning on or after 01 April 2020

The municipality expects to adopt the standard for the first time in the 2019/2019 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

### GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

### 2. New standards and interpretations (continued)

- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is for years beginning on or after 01 April 2019.

The municipality expects to adopt the standard for the first time in the 2019/2019 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

### GRAP 32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is for years beginning on or after 01 April 2019.

The municipality expects to adopt the standard for the first time in the 2019/2019 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

### GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the interpretation is for years beginning on or after 01 April 2019.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

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### 2. New standards and interpretations (continued)

It is unlikely that the standard will have a material impact on the municipality's financial statements.

#### **GRAP 109: Accounting by Principals and Agents**

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the interpretation is for years beginning on or after 01 April 2019.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of this standard is currently being assessed.

#### **IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset**

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the interpretation is for years beginning on or after 01 April 2019.

The municipality expects to adopt the interpretation for the first time when the Minister sets the effective date for the interpretation.

It is unlikely that the interpretation will have a material impact on the municipality's financial statements.

#### **IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land**

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

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### 2. New standards and interpretations (continued)

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this Interpretation of the Standards of GRAP.

The effective date of the interpretation is for years beginning on or after 01 April 2019.

The municipality expects to adopt the interpretation for the first time in the 2019/2019 financial statements.

It is unlikely that the interpretation will have a material impact on the municipality's financial statements.

### IGRAP 19: Liabilities to Pay Levies

This Interpretation of the Standards of GRAP provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

To clarify the accounting for a liability to pay a levy, this Interpretation of the Standards of GRAP addresses the following issues:

- What is the obligating event that gives rise to the recognition of a liability to pay a levy?
- Does economic compulsion to continue to operate in a future period create a constructive obligation to pay a levy that will be triggered by operating in that future period?
- Does the going concern assumption imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period?
- Does the recognition of a liability to pay a levy arise at a point in time or does it, in some circumstances, arise progressively over time?
- What is the obligating event that gives rise to the recognition of a liability to pay a levy that is triggered if a minimum threshold is reached?

Consensus reached in this interpretation:

- The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation;
- An entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period;
- The preparation of financial statements under the going concern assumption does not imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period;
- The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time;
- If an obligation to pay a levy is triggered when a minimum threshold is reached, the accounting for the liability that arises from that obligation shall be consistent with the principles established in this Interpretation of the Standards of GRAP; and
- An entity shall recognise an asset, in accordance with the relevant Standard of GRAP, if it has prepaid a levy but does not yet have a present obligation to pay that levy.

The effective date of the interpretation is for years beginning on or after 01 April 2019

The municipality expects to adopt the interpretation for the first time when the Minister sets the effective date for the interpretation.

It is unlikely that the interpretation will have a material impact on the municipality's financial statements.

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

Figures in Rand

2019

2018

#### **3. Cash and cash equivalents**

Cash and cash equivalents consist of:

Cash on hand	3 100	3 100
Bank balances	5 287 128	14 030 960
Short-term investments	<u>651 000 000</u>	<u>602 000 000</u>
	<b><u>656 290 228</u></b>	<b><u>616 034 060</u></b>

Included in the balance of cash and cash equivalents is an amount of R 22 948 015 (2018: R 15 778 083) relating to the portion recovered from the Provincial Government Western Cape, Department of Transport and Public Works, in respect of the future medical aid liability of the roads staff.

No cash and cash equivalents have been pledged as security.

#### **Short-term Investments**

##### **ABSA - Investment**

Opening balance	130 000 000	143 000 000
Movements for the year	8 000 000 <u>(13 000 000)</u>	<u>(13 000 000)</u>
	<b><u>138 000 000</u></b>	<b><u>130 000 000</u></b>

##### **FNB - Investment**

Opening balance	82 000 000	105 000 000
Movements for the year	27 000 000 <u>(23 000 000)</u>	<u>(23 000 000)</u>
	<b><u>109 000 000</u></b>	<b><u>82 000 000</u></b>

##### **INVESTEC - Investment**

Opening balance	91 000 000	81 000 000
Movements for the year	17 000 000 <u>10 000 000</u>	<u>10 000 000</u>
	<b><u>108 000 000</u></b>	<b><u>91 000 000</u></b>

##### **NEDCOR - Investment**

Opening balance	151 000 000	139 000 000
Movements for the year	4 000 000 <u>12 000 000</u>	<u>12 000 000</u>
	<b><u>155 000 000</u></b>	<b><u>151 000 000</u></b>

##### **STANDARD BANK - Investment**

Opening balance	148 000 000	116 000 000
Movements for the year	(7 000 000) <u>32 000 000</u>	<u>32 000 000</u>
	<b><u>141 000 000</u></b>	<b><u>148 000 000</u></b>

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

Figures in Rand

2019

2018

### 3. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
ABSA BANK - Primary bank account	-	-	8 127 404	-	-	8 127 404
Nedbank - Primary bank account	2 787 126	5 030 960	-	11 317 410	5 030 960	-
Nedbank - Call account	2 500 000	9 000 000	-	-	-	-
<b>Total</b>	<b>5 287 126</b>	<b>14 030 960</b>	<b>8 127 404</b>	<b>11 317 410</b>	<b>5 030 960</b>	<b>8 127 404</b>

### 4. Other receivables from exchange transactions

Allowance for impairment	(32 302)	(37 121)
Prepayments	3 076 009	3 320 954
Deposits	471 738	556 738
Insurance claims	249 950	88 371
Municipal health debtor	51 688	63 982
Staff debt	466 434	-
Rental	27 073	11 922
Councillors	79 984	95 984
Accrued interest	21 386 058	21 057 188
Roads function (Department of Transport and Public Works)	3 813 475	-
Other receivables	169 652	90 392
Post retirement medical aid	244 667	242 413
	<b>30 004 426</b>	<b>25 490 823</b>

#### Other receivables pledged as security

No other receivables were pledged as security.

No collateral is held for any of the debtors disclosed above.

#### Credit quality of other receivables

The credit quality of other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty defaults. The Municipality's historical experience in collection of other trade receivables falls within recorded allowances. Due to these factors, management's view is that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's other trade receivables.

#### Other receivables from exchange transactions

##### Gross balances

Other receivables from exchange transactions	30 036 728	25 527 945
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##### Less: Allowance for impairment

Other receivables	455	260
Post retirement medical aid	31 846	36 862
	<b>32 301</b>	<b>37 122</b>

##### Net balance

Other receivables	30 004 426	25 453 701
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## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

Figures in Rand	2019	2018
<b>4. Other receivables from exchange transactions (continued)</b>		
<b>Other receivables from exchange transactions</b>		
Current (0 - 30 days)	4 438 814	370 289
31 - 60 days	5 420	4 315
61 - 90 days	1 896	1 453
91 - 120 days	74	1 453
121 - 365 days	8 839	-
> 365 days	540 899	639 187
	<b>4 995 942</b>	<b>1 016 697</b>

None of the financial assets that are fully performing have been renegotiated in the last year.

Prepayments of R 3 076 009 (2018:R 3 320 954), staff debt of R 466 434 (2018: Rnil) and councillor debt R 79 984 (2018:R95 984) were not included as the future economic benefits relate to the receipt of goods and services. The interest accrual of R 21 386 058 (2018: R 21 057 188 ) was not included in the ageing as it is not due yet.

#### Other receivables past due but not impaired

Management regard other receivables from exchange transactions for outstanding amounts of more than 30 days past due. The impairment of other receivables from exchange transactions is based on the historic payment rate of the receivable.

As at 30 June 2019 other receivables of R 637 112 (2018: R 683 521) were past due but not impaired.

No other receivables were pledged as security.

#### Reconciliation of provision for impairment of other receivables from exchange transactions

Opening balance	(37 121)	(22 841)
Provision for impairment	(5 539)	(14 280)
Amounts written off	260	-
Reversal of allowance	10 099	-
	<b>(32 301)</b>	<b>(37 121)</b>

#### 5. Trade Receivables from exchange transactions

<b>Gross balances</b>		
Fire Fighting	<b>132 671</b>	<b>52 272</b>
<b>Less: Allowance for impairment</b>		
Fire Fighting	<b>(97 901)</b>	<b>(37 623)</b>
<b>Net balance</b>		
Fire Fighting	<b>34 770</b>	<b>14 649</b>
<b>Fire fighting</b>		
Current (0 -30 days)	24 935	14 849
31 - 60 days	9 836	-
61 - 90 days	15 099	2 438
91 - 120 days	-	2 438
121 - 365 days	30 514	32 747
> 365 days	52 287	-
	<b>132 671</b>	<b>52 272</b>

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

Figures in Rand	2019	2018
<b>5. Trade Receivables from exchange transactions (continued)</b>		
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(37 623)	(2 239 846)
Contributions to allowance	(60 278)	(55 411)
Debt impairment written off against allowance	-	2 257 634
	<u>(97 901)</u>	<u>(37 623)</u>

#### Trade receivables pledged as security

No trade receivables were pledged as security.

The risk profile of each class of debtor was assessed to determine the allowance for impairment.

No collateral is held for any of the debtors disclosed above.

#### Credit quality of consumer debtors

Due to historic trends that cannot be determined, the credit quality of each individual debtor that are neither due nor past nor impaired was assessed. As per the Credit Control and Debt Collection Policy, all debtors with accounts outstanding for more than 60 days are handed over to the debt collectors of the Municipality. The Municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management's view that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's trade receivables.

#### Consumer debtors past due but not impaired

The debt originated as a result of firefighting services rendered in terms of the Fire Fighting Act. The impairment for receivables from exchange transactions was calculated based on the assessment of each individual debtor as a historic payment trend cannot be determined for firefighting debtors.

As at 30 June 2019 consumer debtors of R nil (2018: R nil) were past due but not impaired.

#### Consumer debtors impaired

As at 30 June 2019, consumer debtors of R 97 901 (2018: R 37 623 ) were impaired and provided for.

The amount of the allowance for impairment is R 97 901 at June 2019 (2018: R 37 623 ).

The ageing of these debtors are as follow:

61 to 90 days	15 099	-
91 to 120 days	-	2 438
121 days and more	82 802	35 185

The prior year amount disclosed for 121 days and more was restated from R32 747 to R35 185.

#### 6. Inventories

Consumable stores	2 459 311	2 286 953
Housing Stock	72 940	72 940
	<u>2 532 251</u>	<u>2 359 893</u>

No inventory has been pledged as security.

Consumables valued at R 43 355 (2017: R nil) were written off and recognised in the Statement of Financial Performance. Inventory valued at R 5 253 394.89 (2017: R 5 705 374.38) were expensed in the Statement of Financial Performance.

**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand	2019	2018
<b>7. VAT receivable</b>		
VAT	110 626	3 275 644
<b>8. Receivables from non-exchange transactions</b>		
Government grants and subsidies	73 254	69 458

**Receivables from non-exchange transactions pledged as security**

No receivables from non-exchange transactions were pledged as security.

The risk profile of each class of debtor was assessed to determine the allowance for impairment.

No collateral is held for any of the debtors disclosed above.

**Credit quality of receivables from non-exchange transactions**

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

**Receivables from non-exchange transactions impaired**

As of 30 June 2019, receivables from non-exchange transactions of Rnil (2018: Rnil) were impaired and provided for.

<b>Net balances</b>			
Government grant and subsidies	73 254	69 458	
<b>Government grant and subsidies</b>			
Current (0 -30 days)	73 254	64 700	
31 - 60 days	-	4 758	
	<b>73 254</b>	<b>69 458</b>	

**Reconciliation of allowance for impairment of receivables from non-exchange transactions**

Opening balance			

**9. Property, plant and equipment**

	2019		2018	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Cost / Valuation	Accumulated depreciation and accumulated impairment
Land	66 384 904	-	66 384 904	-
Buildings	47 821 485	(24 615 034)	23 206 451	46 431 042
Plant and equipment	20 738 144	(10 613 990)	10 124 154	18 504 264
Furniture and fittings	8 062 631	(5 088 134)	2 974 497	8 130 436
Motor vehicles	47 744 363	(20 048 998)	27 695 365	44 866 546
Office equipment	28 249 660	(13 890 191)	14 359 469	25 864 888
Infrastructure	3 575 596	(750 862)	2 824 734	(17 516 623)
Other property, plant and equipment	8 510 488	(3 348 696)	5 161 792	(10 499 180)
<b>Total</b>	<b>231 087 271</b>	<b>(78 355 905)</b>	<b>152 731 366</b>	<b>219 719 104</b>
				(68 505 638) 151 213 466

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

Figures in Rand

2019

2018

### 9. Property, plant and equipment (continued)

At 30 June 2019 work in progress was Rnil (2018: R 461 681). The work in progress of the 2017/2018 financial year related to buildings.

#### **Criteria for determination for classification between Property, plant and equipment and Investment property.**

The criteria created to identify whether an asset meets the definition of Property, plant and equipment (PPE) or Investment property have been determined as follows:

- a) In the instance where the property yield rentals, where the majority of the property is held for administrative purposes and an insignificant portion is held for rentals, the total property will be evaluated as PPE and not as investment property. This will apply even if the intention is to rent the property out for a prolonged period.
- b) Where a significant portion (more than 50%) of the total property including land and all other buildings is held for rentals, the property will be classified as investment property. This will apply even if management intends to rent the property out for a prolonged period.

Two properties consisting of two houses and one parking area were identified that are rented to the public. A significant portion of both the properties (land and buildings) are held by the municipality for administrative purposes.

These properties are currently rented out for a specified period per the lease agreements entered into after a tender was awarded to the lessees. Prior to the expiry of the lease agreement the municipality will re-assess whether the use of these assets will be for municipal administrative purposes or whether capacity exists to enable a new lease to be considered.

A significant portion of the properties are held for administrative purposes. The consideration of a new lease is based on the need of the municipality prior to expiry of the lease agreements. These two properties meet the criteria set out above as Property, plant and equipment. These assets have been classified as Property, plant and equipment.

#### **Reconciliation of property, plant and equipment - 2019**

	<b>Opening balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Depreciation</b>	<b>Total</b>
Land	66 384 904	-	-	-	66 384 904
Buildings	22 952 448	1 390 442	-	(1 136 439)	23 206 451
Plant and equipment	9 626 674	2 472 776	(70 257)	(1 905 039)	10 124 154
Furniture and fittings	3 401 806	199 033	(114 484)	(511 858)	2 974 497
Motor vehicles	27 349 922	4 324 278	(566 207)	(3 412 628)	27 695 365
Office equipment	15 365 708	3 082 884	(293 864)	(3 795 259)	14 359 469
Infrastructure	2 055 265	861 373	-	(91 904)	2 824 734
Other property, plant and equipment	4 076 738	1 654 107	(1 713)	(567 340)	5 161 792
	<b>151 213 465</b>	<b>13 984 893</b>	<b>(1 046 525)</b>	<b>(11 420 467)</b>	<b>152 731 366</b>

#### **Reconciliation of property, plant and equipment - 2018**

	<b>Opening balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Depreciation</b>	<b>Total</b>
Land	69 682 563	-	(3 297 659)	-	66 384 904
Buildings	24 759 370	1 572 534	(2 298 575)	(1 080 883)	22 952 446
Plant and equipment	8 920 983	2 423 465	(80 823)	(1 636 950)	9 626 675
Furniture and fittings	3 228 381	618 680	(22 607)	(422 648)	3 401 806
Motor vehicles	26 933 334	6 455 735	(3 146 654)	(2 892 492)	27 349 923
Office equipment	13 429 286	5 579 616	(467 068)	(3 176 126)	15 365 708
Infrastructure	1 372 299	747 467	-	(64 501)	2 055 265
Other property, plant and equipment	3 670 604	810 511	-	(404 376)	4 076 739
	<b>151 996 820</b>	<b>18 208 008</b>	<b>(9 313 386)</b>	<b>(9 677 976)</b>	<b>151 213 466</b>

**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand

2019

2018

**9. Property, plant and equipment (continued)**

**Reconciliation of repairs and maintenance 2019**

	Contracted services	Employee related cost	Materials and Supplies	Total
Buildings	1 899 303	1 772 663	122 417	3 794 383
Office equipment	716 006	-	2 238	718 244
Plant and equipment	201 651	-	6 283	207 934
Furniture and fittings	11 559	-	150	11 709
Motor vehicles	1 167 664	-	543 419	1 711 083
Other	121 683	-	-	121 683
	<b>4 117 866</b>	<b>1 772 663</b>	<b>674 507</b>	<b>6 565 036</b>

**Reconciliation of repairs and maintenance 2018**

	Contracted services	Employee related cost	Materials and Supplies	Total
Buildings	1 782 643	1 616 869	153 363	3 552 875
Office equipment	1 786 526	-	5 696	1 792 222
Plant and equipment	208 948	-	32 742	241 690
Furniture and fittings	3 037	-	-	3 037
Motor vehicles	1 793 505	-	779 599	2 573 104
Other	94 838	-	2 181	97 019
	<b>5 669 497</b>	<b>1 616 869</b>	<b>973 581</b>	<b>8 259 947</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

No assets have been pledged as security.

Other property, plant and equipment were split into the various classes as disclosed in the note for both the current and prior year.

An impairment assessment was performed based on the indicators as listed in the accounting policy under paragraph 1.4 Property, plant and equipment. No potential impairment losses have been recognized on Property, Plant and Equipment of the municipality at the reporting date.

An review of useful lives of property, plant and equipment was done. Management considers whether there is any indication that expectations about the useful life of an asset have changed since the preceding reporting date. There was changes in the estimated useful lives of various assets of the municipality for the financial year. Refer to Note 46 for details relating to the change in accounting estimates.

**10. Intangible assets**

	2019		2018	
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Cost / Valuation	Accumulated amortisation and accumulated impairment
Computer software, other	2 071 630	(1 545 038)	526 592	1 852 552
				(1 217 862) 634 690

**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand

2019

2018

**10. Intangible assets (continued)**

**Reconciliation of intangible assets - 2019**

	Opening balance	Additions acquired	Disposals	Amortisation	Total
Computer software, other	634 691	263 312	(33 853)	(337 558)	526 592

**Reconciliation of intangible assets - 2018**

	Opening balance	Additions acquired	Disposals	Amortisation	Total
Computer software, other	991 772	61 760	(83 859)	(334 983)	634 690

**11. Operating lease liability**

Operating leases relate to buildings that are recognised on a straight line basis with lease terms of between one to 3 years. The Municipality does not have an option to purchase the leased asset at the expiry of the lease period.

**Liability**

Non-current portion of straight lining	-	6 477
Current portion	-	13 605
	*	20 082

The Municipality entered into operating leases for the rental of office facilities. The lease agreements are between LSW Eiendomme BK, Witzenberg Municipality and Stellenbosch Municipality. The contracts are for a 3 (three) year period.

The additional disclosure is under financial instruments note 33.

**12. Finance lease obligation**

Finance lease liabilities relate to cellphones with a contract term of 24 months (2018: 24 months). Amounts are paid monthly in arrears and the interest rates are linked to the average investment rate, currently at 8.15% (2018: 8.34%), for the duration of the contract. All finance lease contracts reached maturity during the 2017/2018 financial year.

The municipality approved a Telecommunications policy during the 2014/15 financial year, allowing employees to receive telephone allowances and the finance leases of cellphones to be phased out accordingly.

All finance lease contracts reached maturity during the 2017/2018 financial year.

No arrangements have been entered into for contingent rental payments.

Opening balance	-	3 544
Payments during the year	-	(3 544)
	-	-

**Present value of minimum lease payments due**

- in second to fifth year inclusive

-	-
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# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

Figures in Rand

2019

2018

### 13. Unspent conditional grants and receipts

**Unspent conditional grants comprises of:**

**Unspent conditional grants and receipts**

Community development workers grant	-	77 735
Integrated transport planning	892 006	707 612
Municipal systems improvement grant	162	162
Municipal performance management grant	-	236 100
Western Cape financial management support grant	895 040	895 040
Tirelo Bosha: Public service improvement	-	235 369
Water and sanitation	35 560	35 559
Local government graduate internship grant	-	1 000
Western Cape financial management capacity building grant	278 719	13 228
Rural Roads Asset Management System Grant	296 234	-
Municipal Service Delivery and Capacity Building Grant	400 000	-
Local Government Internship Grant	72 000	-
Safety plan implementation grant - WOSA	1 000 000	-
Public contributions and donations	727 945	727 945
	<b>4 597 666</b>	<b>2 929 750</b>

See note 22 & 23 for reconciliation of grants from National/Provincial Government.

These amounts are invested until utilised. (refer to note 3).

### 14. Payables from exchange transactions

Other payables	125 830	105 964
Creditor accruals	2 764 381	3 172 047
Working for water (Department of Environmental Affairs)	812 430	812 430
Payments received in advance	30 478	21 797
Retention	581 234	863 891
Roads function (Department of Transport and Public Works)	-	4 902 906
Trade payables	129 753	73 671
Unclaimed funds	1 040	468
	<b>4 445 146</b>	<b>9 953 174</b>

### 15. Employee benefits

<b>Current employee benefits</b>		
Employee benefit accruals	661 076	631 127
Current: Medical aid liability	7 578 510	7 157 684
Provision staff leave	14 230 308	14 121 185
13th Cheque	4 498 816	4 301 257
Current: Ex-gratia benefit	70 233	98 748
Current: Long term service award	1 635 094	2 437 142
Performance bonus	740 128	520 051
	<b>29 414 165</b>	<b>29 267 194</b>

#### Other long term employee benefits

Long service award	11 072 372	9 939 003
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#### Post-employee benefits

Post-Retirement Medical aid benefits	132 706 087	145 983 861
Ex-gratia benefit	1 489 493	1 742 601
	<b>134 195 580</b>	<b>147 726 462</b>

**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand	2019	2018
<b>15. Employee benefits (continued)</b>		
Current liability	29 414 165	29 267 194
Non-current liability	145 267 952	157 665 465
	<u>174 682 117</u>	<u>186 932 659</u>

The provision for post-retirement employee benefits recognised and disclosed will potentially change for the 2019/2020 financial year. The Municipality is currently finalising a Medical Funds Administration Policy to be approved by Council which invariably will impact the actuarial assumptions that informs the valuation and measurement of this provision.

**Post-retirement and medical aid benefits**

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death in service or death-in-retirement, the surviving dependents may continue membership of the medical scheme.

In-service members will receive a post-employment subsidy of 60% or 70% of the contribution payable should they be a member of a medical aid at retirement.

All continuation members and their eligible dependents receive a 60% or 70% subsidy.

Upon a member's death-in-service or death-in-retirement the surviving dependents will continue to receive the same subsidy.

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- Key Health
- Samwumed
- Hosmed
- LA Health

Details relating to eligible employees of the post-retirement medical aid benefit obligation are listed below.

**Active members**

Principal members	314	330
Average age	46,4	45,6
Average past service cost	R16,4 million	R15,5 million

**Continuation members**

Principle members	149	149
Average age	71,9	72,1

**The amounts recognised in the Statement of Financial Position are -**

Projected benefit obligation	140 284 597	153 141 544
	<u>140 284 597</u>	<u>153 141 544</u>

**The obligation in respect of past services has been estimated as follows:**

Active members	47 859 045	70 444 126
Continuation members	92 425 552	82 697 418
<b>Net obligation</b>	<b>140 284 597</b>	<b>153 141 544</b>

**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand

2019

2018

**15. Employee benefits (continued)**

**The amounts recognised in the Statement of Financial Performance are**

Current service cost	3 925 442	4 141 210
Interest cost	14 216 169	14 067 577
Recognised actuarial (gains)/losses	<u>(24 038 811)</u>	<u>(9 216 701)</u>
<b>Amount charged to Statement of Financial Performance</b>	<b><u>(5 897 200)</u></b>	<b><u>8 992 086</u></b>

The future service cost for the ensuing financial year is estimated to be R2 447 927, whereas the interest cost for the next year is estimated to be R12 578 906.

**Movements in the present value of the defined benefit obligation were as follows:**

Opening benefit obligation liability	153 141 544	150 650 885
Payments to members	(6 959 747)	(6 501 427)
Charge to Statement of Financial Performance	<u>(5 897 200)</u>	<u>8 992 086</u>
<b>Closing benefit liability</b>	<b><u>140 284 597</u></b>	<b><u>153 141 544</u></b>

GRAP 25 stipulates that the choice of the discount rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

The discount rate is calculated by using a liability-weighted average of yields for the three components of the liability. Each component's fixed-interest and index-linked yield were taken from the bond yield curve at that component's duration, using an iterative process (because the yields depend on the liability, which in turn depends on the yields).

**Key actuarial assumptions**

Discount rate	9,21%	9,50%
Health care inflation	6,71%	7,34%

**Sensitivity Analysis on current-service and interest cost:**

Assumption	Change	Current service cost	Interest cost	Total	% change
Central Assumptions		3 925 400	14 216 200	18 141 600	
Health care inflation	1 %	4 842 300	16 256 100	21 098 400	16 %
	-1 %	3 211 200	12 530 800	15 742 000	-13 %
Discount rate	1 %	3 258 800	13 897 600	17 156 400	-5 %
	-1 %	4 787 000	14 524 200	19 311 200	6 %
Post- retirement mortality	-1 yr	4 043 800	14 723 200	18 767 000	3 %
Average retirement age	-1yr	4 051 500	14 715 100	18 766 600	3 %
Continuation of membership at retirement	-10 %	3 563 700	13 584 500	17 148 200	-5 %

**Sensitivity analysis on the benefit liability:**

Assumption	Change	In service	Continuation	Total	% change
Central assumptions		47 859 000	92 426 000	140 285 000	
Health care inflation	+1 %	57 616 000	101 795 000	159 411 000	+14 %
	-1 %	40 146 000	84 343 000	124 489 000	-11 %
Discount rate	+1 %	40 365 000	84 582 000	124 947 000	-11 %
	-1 %	57 464 000	101 655 000	159 119 000	+13 %
Post-retirement mortality	-1 yr	49 244 000	95 852 000	145 096 000	+3 %

**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand				2019	2018
<b>15. Employee benefits (continued)</b>					
Average retirement age	-1 yr	51 121 000	92 426 000	143 546 000	+2 %
Continuation of membership at retirement	-10 %	41 981 000	92 426 000	134 406 000	-4 %
<b>History of Liabilities and Experience Adjustments</b>	<b>30 June 2015</b>	<b>30 June 2016</b>	<b>30 June 2017</b>	<b>30 June 2018</b>	<b>30 June 2019</b>
Accrued liability	143 597 000	142 885 000	150 651 000	153 142 000	140 285 000
Experience adjustment	(6 068 000)	(9 608 000)	14 017 000	221 000	(2 278 000)
In terms of the memorandum of Agreement between the Western Cape Provincial Government, Department of Transport and Public Works, and the past experience hereon, funds will be made available to maintain the approved organogram of the roads division in the Municipality. The future claim for roads staff for post employment medical aid has therefore been raised as an employee benefit asset.					
<b>Employee benefit asset</b>					
Opening balance				25 094 397	32 276 316
Current service cost				1 014 823	1 107 612
Payment received from WCPG				(5 592 636)	(6 537 999)
Interest cost				3 770 701	3 785 996
Benefits paid				(1 692 888)	(2 355 678)
Interest on payments from WCPG				(1 577 296)	(708 354)
Actuarial loss / (gain)				(4 376 605)	(2 473 496)
				<b>16 640 496</b>	<b>25 094 397</b>
<b>Reconciliation of employee benefit asset</b>					
Current asset				2 632 167	2 416 597
Non-current asset				14 008 329	22 677 800
				<b>16 640 496</b>	<b>25 094 397</b>

The assumptions used by the actuaries to calculate the portion of the roads staff is the same as was used to calculate the amount recognised as post employment medical aid.

The amounts recognised as the current portion is equal to the amount as recognised in the valuation report for the respective financial years.

**Ex-gratia benefits**

The ex- gratia pensions are pensions that are paid by the Municipality from its revenue i.e. and are not funded or paid from one of the Municipality's formalised pension arrangements.

All employees who did not participate in the Municipality's formal pension funds are entitled to a Revenue Pension, which are sometimes referred to as "Ex-gratia" pensions.

Details of employees eligible for ex-gratia benefits are detailed below.

**Members**

In-service employee for ex-gratia pension	7	8
In-service employees eligible for lump sum benefit on retirement	7	7
Eligible former employees receiving ex-gratia pension	1	1
Eligible spouses receiving ex-gratia pension	4	5

**Average age in years**

In-service employee for ex-gratia pension	56,80	56,40
In-service employees eligible for lump sum benefit on retirement	55,10	54,10
Eligible former employees receiving ex-gratia pension	64,20	63,20
Eligible spouses receiving ex-gratia pension	77,40	83,60

**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand

2019

2018

**15. Employee benefits (continued)**

**The amount recognised in the Statement of Financial Position are:**

Projected benefit obligation	1 559 725	1 841 349
Interest cost	166 217	203 633
Recognised actuarial (Gain) / Loss	(211 440)	(328 675)
	<b>(45 223)</b>	<b>(125 042)</b>

The future service cost for the ensuing financial year is estimated to be R nil, whereas the interest cost for the next financial year is estimated to be R141 098.

GRAP 25 stipulates that the choice of the discount rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

The rate is calculated by using a liability-weighted average of yields for the four components of the liability. For each of the four liability components, yields were determined by looking at the average term of the liability component and finding the fixed-interest and index-linked gilt yields at the relevant duration of the JSE (Best Decency) Zero Coupon bond yield curve.

**Movements in the present value of the defined benefit obligation were as follows:**

Opening benefit obligation	1 841 350	2 275 313
Payments to members	(236 401)	(308 921)
Actuarial (Gain) / Loss	(211 440)	(328 675)
Interest and service cost	166 217	203 633
<b>Closing benefit obligation</b>	<b>1 559 726</b>	<b>1 841 350</b>

**Key actuarial assumptions**

Discount rate	9,25 %	9,27 %
CPI inflation rate	5,26 %	5,66 %
Salary inflation rate	6,26 %	6,66 %

Sensitivity analysis on the benefit obligation:

Assumption	Change	Employees	Pensioners	Total Liability	% change
Central Assumptions		1 492 963	66 762	1 559 725	
Benefit Inflation rates	1 %	1 660 000	66 762	1 726 762	11 %
	-1 %	1 350 025	66 762	1 416 787	-9 %
Discount Rate	1 %	1 355 858	66 308	1 422 166	-9 %
	-1 %	1 655 219	67 259	1 722 478	10 %
Post-retirement mortality	-1yr	1 527 422	67 099	1 594 521	2 %
Average retirement age	-1yr	1 586 342	66 762	1 653 104	6 %

Sensitivity analysis on the interest cost:

Assumption	Change	Interest cost	% change
Central Assumptions		166 217	
Benefit Inflation rates	+1 %	183 670	+11 %
	-1%	151 321	-9 %
Discount rate	+1 %	167 950	+1 %
	-1%	163 738	-1 %
Post-retirement mortality	-1 yr	170 154	+2 %
Average retirement age	-1 yr	164 709	-1 %

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

Figures in Rand	2019	2018
<b>15. Employee benefits (continued)</b>		
<b>History of Liabilities,</b>	<b>30 June 2015</b>	<b>30 June 2016</b>
<b>Assets and Experience</b>	<b>30 June 2017</b>	<b>30 June 2018</b>
<b>Adjustments</b>	<b>30 June 2019</b>	
Accrued liability	2 401 554	2 425 971
Experience adjustment	(499 506)	372 632
	589 506	2 275 313
	(238 197)	1 841 349
		1 559 725
		(152 346)
<b>Long service awards</b>		
The Municipality offers employees a long service award for every five years of service completed from 10 years of service to fourty five years of service.		
Details of employees eligible for long service awards are detailed below.		
Members	401	412
Average age in years	47	47
<b>The amounts recognised in the Statement of Financial Position are:</b>		
Projected benefit obligation	12 707 467	12 376 146
<b>The amounts recognised in the Statement of Financial Performance are:</b>		
Current service cost	773 500	756 213
Interest cost	948 265	904 840
Recognised actuarial (gain) / losses	931 850	595 447
<b>Amount charged to Statement of Financial Performance</b>	<b>2 653 615</b>	<b>2 256 500</b>
The future service cost for the ensuing financial year is estimated to be R812 495, whereas the interest cost for the next financial year is estimated to be R965 565.		
GRAP 25 stipulates that the choice of the discount rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.		
A discount rate of 8.11% per annum has been used. The first step in the derivation of this yield is to calculate the liability-weighted average of the yields corresponding to the actual terms until payment of long service awards, for each employee. The 8.11% is then derived as the liability-weighted average of the yields derived in the first step. The corresponding liability-weighted index-linked yield is 2.95%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the JSE after the market close on 28 June 2019		
A general earnings inflation rate of 5.53% per annum over the expected term of the liability has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 2.44%.		
<b>Movements in the present value of the benefit obligation were as follows:</b>		
Opening benefit obligation	12 376 146	11 403 388
Payment to members (benefits vesting)	(2 322 294)	(1 283 742)
Actuarial (Gain) / Loss	931 850	595 447
Interest and service cost charged to Statement of Financial Performance	1 721 765	1 661 053
<b>Closing benefit obligation</b>	<b>12 707 467</b>	<b>12 376 146</b>
<b>Key actuarial assumptions</b>		
Discount rate	8,11%	8,48%
Salary inflation	5,53%	6,11%
Average retirement age	62	62



# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

Figures in Rand

2019

2018

### **15. Employee benefits (continued)**

<b>Assumptions</b>		<b>Change</b>	<b>Liability</b>	<b>% change</b>	
Central Assumptions			12 707 000		
General salary inflation	+1%	13 503 000	+6%		
	-1%	11 987 000	-6%		
Discount rate	+1%	11 956 000	-6%		
	-1%	13 552 000	7%		
Average retirement age	-2 yrs	10 676 000	-16%		
	+2 yrs	14 541 000	14%		
Withdrawal rates	-50%	14 228 000	12%		
<b>Assumption</b>	<b>Change</b>	<b>Current service cost</b>	<b>Interest cost</b>	<b>Total</b>	
Central assumptions		773 500	948 300	1 721 800	
General salary inflation	1 %	836 200	1 009 900	1 846 100	
	-1 %	717 700	892 400	1 610 100	
Discount rate	1 %	722 300	994 600	1 716 900	
	-1 %	831 900	894 400	1 726 300	
Average retirement age	-2 yrs	666 100	786 500	1 452 600	
	+2 yrs	866 100	1 093 900	1 960 000	
Withdrawal rates	-50%	946 800	1 076 800	2 023 600	
<b>History of Liabilities and Experience Adjustments</b>	<b>30 June 2015</b>	<b>30 June 2016</b>	<b>30 June 2017</b>	<b>30 June 2018</b>	<b>30 June 2019</b>
Accrued liability	11 146 671	11 306 743	11 403 388	12 376 146	12 707 467
Experience adjustment	581 153	295 235	235 476	732 735	927 882

The Municipality makes provision for post-retirement benefits to eligible Councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

These schemes are subject to a tri-annual, bi-annual or annual actuarial valuation as set out hereunder.

#### a) LA Retirement Fund (Previously: Cape Joint Pension Fund)

The Cape Joint Pension Fund operates both as a defined benefit and defined contribution scheme.

The scheme was established to provide benefits to employees. All existing members were given the option to transfer to Cape Joint Venture Fund before December 1990.

This defined benefit plan is accounted for as a defined contribution plan as the municipality's liability in the proportionate share of actuarial gains and losses cannot readily be determined.

#### Defined Benefit Scheme

The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2018 disclosed an actuarial valuation amounting to R1,776,181,000 (30 June 2017 : R1,859,077,000), with a nett accumulated surplus of R63,423,000 (2017 : R46,989,000), with a funding level of 103.7% (30 June 2017 : 102.6%).

#### Defined Contribution Scheme

The actuarial valuation report at 30 June 2018 indicated that the defined contribution scheme of the fund is in a sound financial position, with assets amounting to R2,018,237,000 (30 June 2017 : R1,911,937,000), net investment reserve of R0 (30 June 2017 : R0) and with a funding level of 100% (2017 : 100%).

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

Figures in Rand

2019

2018

### 15. Employee benefits (continued)

The actuary concluded that :

- The Pensioner account has a funding level of 103.7% with a surplus of R63.4 million and is in a sound financial condition as at the valuation date.
- There is a surplus of R63.4 million in The Defined Benefit Section excluding The surplus in The Pensioner Account. The surplus has been allocated to The Pensioner Account.
- The overall funding level in respect of the Defined Benefit Section including the Pensioner Account is 101.7% with a surplus of R63.0 million.
- The Defined Contribution Section has a funding level of 100% and is in a sound Financial condition.
- Overall the fund is in a sound financial condition with a surplus of R63.0 million and the overall funding level of 101.7%.
- The Trustees awarded a 3.22% pension increase effective 1 January 2019.

It is to be noted that :

- All the active members have now all been converted to the Defined Contribution Section.
- There is no longer any contribution rate shortfall as this only applied to 29 residual Defined Benefit Section active members, that have now also converted to the Defined Contribution Section; and
- Both the Defined Contribution Section and the Defined Benefit Section were fully funded as at the valuation date.

The nature of the assets is suitable for the Fund, except that the proportion of direct property underlying the pensioner liabilities may represent an over-concentration of assets in this class. The assets are appropriately matched relative to the term and nature of the active member liabilities. The Fund's investment strategy is suitable. Finally the risk benefits are partially re-insured and this is appropriate for the size and nature of the Fund.

#### b) Consolidated Retirement Fund for Local Government

The Cape Joint Retirement Fund was established with effect from 1 May 1996 to provide insured death, disability and pension benefits to its members.

The contribution rate for members is 7.5% of basic salary, whilst the respective Local Authorities are contributing 19.5%.

The last statutory valuation performed as at 30 June 2017 revealed that the assets of the fund amounted to R21,359,000,000 (30 June 2016: R20,075,000,000), with funding levels of 127.3% and 100% (30 June 2016 118.0% and 100%) for the Pensions Account and the Share Account respectively. The Preservation Pension Account showed a surplus of R0 and was 100% funded for both 2017 & 2016. The contribution rate paid by the members (7.50%/9%) and the municipalities (19.50%/18%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities, given normal circumstances and that the Fund is in a sound financial condition as at the valuation date.

#### c) The Municipal Workers Retirement Fund( Previously: SAMWU National Provident Fund)

The Municipal Workers Retirement Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18%. From 1 July 2017, members and employers that fall under other bargaining councils or forums are not bound by the above minimum contribution rates. The statutory valuation performed as at 30 June 2017 revealed that the assets of the fund amounted to R7,720,948.000 (30 June 2011 : R6,574,75.00), with funding levels of 102.0% (30 June 2014: 111.7%). As a percentage of members' Fund Credits, the investment smoothing reserve has decreased from 5.6% to 4.9% over the valuation period. As a percentage of the market value of assets, it has decreased marginally from 4.6% to 4.4%. The Fund's assets are sufficient to cover the members' Fund Credits, the targeted levels of the risk benefits reserve and the data and processing error reserve, and an investment smoothing reserve of 4.9% of members' Fund Credits as at 30 June 2017. In addition, there is brought-forward surplus of some R152.8 million which has been allocated to former members and is awaiting payment. The Fund is therefore in a sound financial position.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

Figures in Rand

2019

2018

### 15. Employee benefits (continued)

#### d) The Municipal Councillors Pension Fund

The Municipal Councilors Pension Fund operates as a defined contribution scheme. The statutory valuation performed as at 30 June 2015 revealed that the assets of the fund amounted to R2,551,861,000 (30 June 2014 : R2,229,410,000), with funding levels of 101.08% (30 June 2014: 98.83%). The contribution rate paid by the members (13,75 %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future. The Actuary certified that the Fund was in a sound financial condition as at 30 June 2015, in that the assets of the fund were sufficient to cover the accrued service liabilities including the recommended contingency reserves in full.

The appointment of a Curator in terms of section 5(1) of the Financial Institutions (protection of funds) Act 2001 for the whole of the business of the Municipal Councillors Pension Fund was done in December 2017. Due to the provisional curatorship, a short monatorium has been placed on the payment of benefits to members/beneficiaries. In terms of the curatorship order, the Court ordered as follows: 1. The provisional Curatorship order of the 19th December 2017 is made final; 2. The Curator shall furnish the Registrar of the Pension Fund with progress report; 3. The Curator must deliver a further progress report to the Court by no later than 31st October 2018 which report deals with the status of curatorship as at the 30th September 2018; on the curatorship once every two months.

### 16. Accumulated surplus

#### Ring-fenced internal funds within accumulated surplus - 2019

	Capital replacement reserve	Government grant reserve	Accumulated surplus	Total
Opening balance	63 730 623	4 943 302	555 655 869	624 329 794
Surplus for the year	-	-	50 875 813	50 875 813
Property, plant and equipment purchases	(13 984 893)	-	13 984 893	-
Intangible assets purchases	(263 312)	-	263 312	-
Transfers from/ to reserve	17 000 000	-	(17 000 000)	-
	<b>66 482 418</b>	<b>4 943 302</b>	<b>603 779 887</b>	<b>675 205 607</b>

#### Ring-fenced internal funds within accumulated surplus - 2018

	Capital replacement reserve	Government grant reserve	Accumulated surplus	Total
Opening balance	67 282 825	3 594 019	534 417 975	605 294 819
Surplus for the year	-	-	19 034 976	19 034 976
Property, plant and equipment purchases	(17 407 997)	1 885 209	15 522 788	-
Intangible assets purchases	(61 760)	-	61 760	-
Transfers from/ to reserve	13 917 555	-	(13 917 555)	-
Offsetting of depreciation	-	(535 926)	535 926	-
	<b>63 730 623</b>	<b>4 943 302</b>	<b>555 655 870</b>	<b>624 329 795</b>

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

The comparative figures were restated. Refer to the prior period error note 31.

### 17. Service charges

Other service charges	<u>136 065</u>	<u>70 756</u>
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### 18. Rental of facilities and equipment

Premises	<u>248 345</u>	<u>123 908</u>
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# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

Figures in Rand

2019

2018

### **18. Rental of facilities and equipment (continued)**

Included in the above rentals are operating lease rentals at straight-lined amounts of R - (2018: R -) as well as contingent rentals of R - (2018: R -).

### **19. Agency services**

Department of Transport and Public Works	108 552 545	94 845 342
Working for Water (Department of Environmental Affairs)	-	1 308 979
	<b>108 552 545</b>	<b>96 154 321</b>

The municipality has a service level agreement with the Department of Transport Western Cape for rendering of services regarding the roads function within the jurisdiction of the Cape Winelands District Municipality.

### **20. Other income**

Bad debt recovered	-	7
Brokerage	56 666	18 127
Electricity income (Eerste Begin)	12 531	11 574
Insurance income	1 626 549	318 234
Miscellaneous income	3 160	3 784
Municipal health income	574 597	578 190
Staff Recoveries	466 434	-
Admin fee (RRAMS)	134 450	134 150
LG SETA refund	348 144	276 956
Tender document income	166 798	184 788
	<b>3 389 329</b>	<b>1 525 810</b>

### **21. Investment revenue**

Interest on investments	54 293 664	51 928 028
	<b>54 293 664</b>	<b>51 928 028</b>

### **22. Government grants and subsidies**

#### **Operating grants**

Community development workers grant	77 735	62 099
Equitable share	2 057 000	1 886 000
Expanded Public Works	1 391 000	1 000 000
Local government financial management grant	1 000 000	1 250 000
Western Cape financial management capacity building grant	81 281	226 772
Integrated transport planning	715 606	192 388
Fire services capacity grant	-	800 000
Local government graduate internship grant	-	95 000
Western Cape financial management support grant	280 000	634 960
RSC Levy Replacement grant	223 157 000	220 853 001
Rural roads asset management system	2 392 766	2 683 000
Sandhills - toilet hire	836 279	750 355
	<b>231 988 667</b>	<b>230 433 575</b>

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

Figures in Rand

2019 2018

### 22. Government grants and subsidies (continued)

#### Unconditional

Included in above are the following unconditional grants and subsidies received:

Equitable share	2 057 000	1 886 000
RSC Levy Replacement grant	223 157 000	220 853 001
	<b>225 214 000</b>	<b>222 739 001</b>

#### Equitable Share

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

#### Community development workers grant

Balance unspent at beginning of year	77 735	65 835
Current-year receipts	-	74 000
Conditions met - transferred to revenue	(77 735)	(62 100)
Other	-	-
	<b>-</b>	<b>77 735</b>

Strategic Objective: Community Development and Planning Services.

To provide financial assistance to municipalities to cover the operational and capital costs pertaining to the line functions of the community development workers including the supervisors and regional coordinators.

#### IDP support grant

Balance unspent at beginning of year	-	1 473
Refund of unspent portion	-	(1 473)
	<b>-</b>	<b>*</b>

Strategic Objective: Office of the Municipal Manager.

Provide financial assistance to municipalities in support of their IDP reviews.

#### Integrated transport planning

Balance unspent at beginning of year	707 612	-
Current-year receipts	900 000	900 000
Conditions met - transferred to revenue	(715 606)	(192 388)
	<b>892 006</b>	<b>707 612</b>

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Technical Services.

The funds were utilised to review and update the District's integrated transport policy.

**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand	2019	2018
<b>22. Government grants and subsidies (continued)</b>		
<b>Local government financial management grant</b>		
Balance unspent at beginning of year	-	-
Current-year receipts	1 000 000	1 250 000
Conditions met - transferred to revenue	(1 000 000)	(1 250 000)
Refund of unspent portion	-	-
	-	-
	-	-

Strategic Objective: Financial and Strategic Support Services.

To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

This grant was mainly utilised to improve on the municipality's mSCOA implementation, audit outcome and to implement National Treasury's internship programme.

**Municipal performance management grant**

Balance unspent at beginning of year	236 100	236 100
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
Refund of unspent portion	(236 100)	-
	-	236 100
	-	-

Strategic Objective: Office of the Municipal Manager.

To provide financial assistance to municipalities to ensure functional and compliant performance management systems.

**Western Cape financial management support grant**

Balance unspent at beginning of year	895 040	1 050 000
Current-year receipts	480 000	480 000
Conditions met - transferred to revenue	(280 000)	(634 960)
Refund of unspent portion	(200 000)	-
	895 040	895 040
	-	-

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Financial and Strategic Support Services and Office of the Municipal Manager.

To provide financial assistance to municipalities to improve overall governance within municipalities inclusive of optimising and administration of revenue, improving credibility and responsiveness of municipal budgets, improving of municipal outcomes and addressing institutional challenges.

The Municipality utilised the funds for mSCOA implementation and support as well as for the internship co-ordination guidance project. The funds that are available are committed for the District Asset Management framework development project and for audit activities training.

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

Figures in Rand

2019

2018

#### **22. Government grants and subsidies (continued)**

##### **Water and sanitation**

Balance unspent at beginning of year	35 560	35 560
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
Refund of unspent portion	-	-
	<b>35 560</b>	<b>35 560</b>

Conditions still to be met - remain liabilities (see note 13).

##### Strategic Objective: Technical Services

No funds were utilised during the 2017/2018 and 2018/2019 financial year, but the municipality will review its masterplans in the near future.

##### **Municipal systems improvement grant**

Balance unspent at beginning of year	162	162
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	<b>162</b>	<b>162</b>

Conditions still to be met - remain liabilities (see note 13).

##### Strategic Objective: Financial and Strategic Support Services.

To assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act and related legislations.

##### **Tirelo Boshu: Public service improvement**

Balance unspent at beginning of year	235 369	235 369
Refund of unspent portion	(235 369)	-
	<b>-</b>	<b>235 369</b>

Conditions still to be met - remain liabilities (see note 13).

##### Strategic Objective: Community Development and Planning Services.

To draw up an evidence-based strategy anchored within current policy and legislative mandates, which is enhanced by situated research and social dialogue to practically address the need for improved farm worker housing, access to services and tenure security on and off-farms within the Cape Winelands District.

##### **Sandhills-toilet hire**

Balance unspent at beginning of year	-	-
Current-year receipts	836 279	750 355
Conditions met - transferred to revenue	(836 279)	(750 355)
	<b>-</b>	<b>-</b>

##### Strategic Objective: Technical Services.

The subsidy is allocated to the municipality by the Department of Transport and Public Works as a refund for temporary toilets hired in Sandhills.

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

Figures in Rand

2019

2018

#### **22. Government grants and subsidies (continued)**

##### **Expanded Public Works**

Balance unspent at beginning of year		
Current-year receipts	1 391 000	1 000 000
Conditions met - transferred to revenue	(1 391 000)	(1 000 000)
Refund of unspent portion	-	-
	<hr/>	<hr/>
	<hr/>	<hr/>

This grant incentivises the municipality to expand job creation efforts through the use of labour intensive delivery methods in various identified focus areas, in compliance with the Expanded Public Works Programme Guidelines

The grant contributed towards increased levels of employment in areas where unemployment is relatively high as well as providing work experience and gaining expertise through in house training.

##### **Local government graduate internship grant**

Balance unspent at beginning of year	1 000	30 000
Current-year receipts	-	66 000
Conditions met - transferred to revenue	-	(95 000)
Refund of unspent portion	(1 000)	-
	<hr/>	<hr/>
	<hr/>	<hr/>

Strategic Objective: Financial and Strategic Services (see note 13).

This grant provide financial assistance to municipalities in support of capacity building for the future by means of a graduate internship programme.

The aim of the grant is to address the shortage of administrative and institutional capability by providing opportunities to young unemployed graduates to gain practical workplace training, whilst assisting with capacity constraints within municipalities.

##### **Western Cape financial management capacity building grant**

Balance unspent at beginning of year	13 228	2 117
Current-year receipts	360 000	240 000
Conditions met - transferred to revenue	(81 281)	(226 772)
Refund of unspent portion	(13 228)	(2 117)
	<hr/>	<hr/>
	<hr/>	<hr/>

Strategic Objective: Financial and Strategic Services (see note 13).

This grant provide financial assistance to municipalities to assist with financial management capacity building objectives that will result in the improvement in the availability, competency and skill of municipal financial officials within municipal areas towards sustainable municipal BTO capabilities.

##### **Rural Roads Asset Management System grant**

Balance unspent at beginning of year	-	127 300
Current-year receipts	2 689 000	2 683 000
Conditions met - transferred to revenue	(2 392 766)	(2 683 000)
Refund of unspent portion	-	(127 300)
	<hr/>	<hr/>
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Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Technical Services.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

Figures in Rand

	2019	2018
<b>22. Government grants and subsidies (continued)</b>		

### 22. Government grants and subsidies (continued)

The purpose is to assist rural district municipalities in setting up their road asset management systems and collect road and traffic data in line with the Road Infrastructure Strategic Framework for South Africa (RISFSA).

#### Municipal Service Delivery and Capacity Building Grant

Current-year receipts	400 000	-
	<b>400 000</b>	-

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Financial and Strategic Services

To develop financial human capacity within municipal areas to enable a sustainable local financial skills pipeline that is responsive to municipalities' requirements to enable sound and sustainable financial management and good financial governance.

#### Local Government Internship Grant

Current-year receipts	72 000	-
	<b>72 000</b>	-

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Financial and Strategic Services

The purpose of the grant is to provide financial assistance to municipalities in support of capacity building for the future by means of internship programme.

#### Safety Plan Implementation - WOSA

Current-year receipts	1 000 000	-
	<b>1 000 000</b>	-

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Community Development and Planning Services.

To enable a resilient, sustainable, quality living environment through the operationalisation of a Safety Plan.

#### Fire service capacity grant

Current-year receipts	800 000	-
Conditions met - transferred to revenue	(800 000)	-
Refund of unspent portion	-	-

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Community Development and Planning Services.

This grant provide financial assistance to municipalities to ensure functional emergency communication, mobilisation systems and fire services.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

Figures in Rand

	2019	2018
<b>23. Public contributions and donations</b>		
<b>Reconciliation of conditional contributions</b>		
Balance unspent at beginning of year	727 945	680 300
Current-year receipts	-	47 645
	<b>727 945</b>	<b>727 945</b>

Conditions still to be met - remain liabilities (see note 13)

2019	Balance unspent at beginning of year	Current year receipts	Conditions met - transferred to revenue	Balance unspent at the end of the year
Road station road Ceres	277 831	-	-	277 831
Upgrade of Rural Roads: De Novo	450 114	-	-	450 114
	<b>727 945</b>	<b>-</b>	<b>-</b>	<b>727 945</b>
2018	Balance unspent at beginning of year	Current year receipts	Conditions met - transferred to revenue	Balance unspent at the end of year
Road station road Ceres	230 186	47 645	-	277 831
Upgrade of Rural Roads: De Novo	450 114	-	-	450 114
	<b>680 300</b>	<b>47 645</b>	<b>-</b>	<b>727 945</b>

## 24. Employee related costs

Basic	108 785 319	103 297 944
Bonus	8 856 454	8 246 403
Medical aid - company contributions	11 487 497	10 886 845
UIF	751 215	779 899
WCA	880 728	1 021 854
Leave pay provision charge	849 051	2 024 338
Student work	-	1 472 326
Defined contribution plans	18 804 174	17 792 109
Travel, motor car, accommodation, subsistence and other allowances	12 950 799	12 943 032
Overtime payments	6 337 823	5 831 204
Current service cost	3 684 119	3 789 811
Acting allowances	197 826	282 599
Actuarial loss/ (gain)	(18 941 796)	(6 476 434)
Housing benefits and allowances	4 601 170	4 478 287
Other allowances	5 777 217	5 306 087
Interest cost	11 559 950	11 390 054
Group schemes	1 271 972	1 206 235
Telephone	634 922	605 353
Performance bonus	550 808	520 051
	<b>179 039 248</b>	<b>185 397 997</b>

2019	Long service awards	Ex gratia	PRMA	Less: Funded asset	Total
Current service cost	773 500	-	3 925 442	(1 014 823)	3 684 119
Interest cost	948 265	166 217	14 216 169	(3 770 701)	11 559 950
Net actuarial (gains)/ losses recognised	931 850	(211 440)	(24 038 811)	4 376 605	(18 941 796)
	<b>2 653 615</b>	<b>(45 223)</b>	<b>(5 897 200)</b>	<b>(408 919)</b>	<b>(3 697 727)</b>

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

Figures in Rand

2019

2018

### 24. Employee related costs (continued)

2018	Long service awards	Ex gratia	PRMA	Less: Funded asset	Total
Current service cost	756 213	-	4 141 210	(1 107 612)	3 789 811
Interest cost	904 840	203 633	14 067 577	(3 785 996)	11 390 054
Net actuarial (gains)/losses recognised	595 447	(328 675)	(9 216 701)	2 473 495	(6 476 434)
	<b>2 256 500</b>	<b>(125 042)</b>	<b>8 992 086</b>	<b>(2 420 113)</b>	<b>8 703 431</b>

### Remuneration of senior management

2019	Basic salary	Car allowance	Performance bonuses	Contribution to UIF, medical and pension funds	Other	Total
Municipal Manager (M. Mgajo)	-	-	14 332	-	-	14 332
Municipal Manager (H. Prins)	1 387 523	258 000	82 963	54 834	13 800	1 797 120
Chief Financial Officer	604 896	240 000	123 584	160 664	453 209	1 582 353
ED: Community development and planning services	1 020 953	178 546	-	223 898	13 800	1 437 197
ED: Technical services	1 042 074	140 000	109 852	239 553	13 800	1 545 279
	<b>4 055 446</b>	<b>816 546</b>	<b>330 731</b>	<b>678 949</b>	<b>494 609</b>	<b>6 376 281</b>

2018	Basic Salary	Car allowance	Contribution to UIF, medical and pension funds	Other	Total
Municipal Manager (M. Mgajo)	97 452	10 964	25 666	28 106	162 188
Municipal Manager (H. Prins)	770 789	140 000	30 322	3 450	944 561
Chief Financial Officer	548 793	240 000	146 736	453 209	1 388 738
ED: Community development and planning services	978 022	178 546	217 347	13 800	1 387 715
ED: Technical services	999 139	120 000	228 430	13 800	1 361 369
	<b>3 394 195</b>	<b>689 510</b>	<b>648 501</b>	<b>512 365</b>	<b>5 244 571</b>

The following accrued to key management personnel in terms of GRAP 25 at year end:

Staff leave			
Municipal Manager		112 192	71 193
Chief Financial Officer		57 959	60 661
ED: Community Development and Planning Services		34 776	11 029
ED: Technical Services		52 163	66 176
		<b>257 090</b>	<b>209 059</b>

**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand

				2019	2018
<b>25. Remuneration of councillors</b>					
Executive Mayor				1 051 128	1 011 752
Deputy Mayor				533 392	513 376
Speaker				849 782	817 737
Other Councillors				9 736 800	8 988 051
				<b>12 171 102</b>	<b>11 330 916</b>
<b>2019</b>	<b>Salaries</b>	<b>Contribution to medical and pension funds</b>	<b>Car allowance</b>	<b>Other</b>	<b>Total</b>
Executive Mayor	347 511	87 095	180 000	436 523	1 051 129
Deputy Mayor	410 691	-	122 701	-	533 392
Speaker	601 774	72 419	101 189	74 400	849 782
Other Councillors	7 032 479	272 573	1 765 741	666 000	9 736 793
	<b>8 392 455</b>	<b>432 087</b>	<b>2 169 631</b>	<b>1 176 923</b>	<b>12 171 096</b>
<b>2018</b>	<b>Salaries</b>	<b>Contribution to medical and pension funds</b>	<b>Car allowance</b>	<b>Other</b>	<b>Total</b>
Executive Mayor	314 725	80 504	180 000	436 523	1 011 752
Deputy Mayor	390 175	-	122 701	500	513 376
Speaker	574 041	68 106	101 190	74 400	817 737
Other Councillors	6 439 372	220 524	1 662 155	666 000	8 988 051
	<b>7 718 313</b>	<b>369 134</b>	<b>2 066 046</b>	<b>1 177 423</b>	<b>11 330 916</b>
The salaries, allowances and benefits of Councillors are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.					
<b>26. Depreciation and amortisation</b>					
Property, plant and equipment				11 420 466	9 677 976
Intangible assets				337 558	334 983
				<b>11 758 024</b>	<b>10 012 959</b>
<b>27. Finance costs</b>					
Finance leases				-	91
<b>28. Debt impairment</b>					
Debt impairment				55 718	-
Debt impairment reversal				-	(2 187 943)
				<b>55 718</b>	<b>(2 187 943)</b>

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

Figures in Rand

2019

2018

### 29. General expenses

Achievements and awards	259 173	274 020
Advertising, publicity and marketing	3 196 313	3 798 819
Assets less than the capitalisation threshold	53 588	191 897
Bank charges, facility and card fees	27 408	56 877
Bargaining council	49 228	48 568
Bursaries (employees)	31 433	108 715
Communications	4 002 205	4 179 267
Courier and delivery services	57 181	36 186
Deeds	2 915	1 592
Drivers licenses and permits	16 840	22 442
External computer services	7 238 390	8 149 199
Full time union representatives	165 435	170 608
Hire charges	18 458 780	15 614 986
Insurance underwriting	996 575	1 308 498
Licenses	125 240	123 001
Municipal services	5 917 121	5 899 449
Parking fees	1 250	1 000
Printing and stationery	1 066 805	1 817 598
Printing, publication and books	566 796	327 986
Refreshments	280 630	372 469
Professional bodies, membership and subscription	1 841 046	1 863 899
Registration fees	147 656	303 502
Road worthy test	14 756	17 571
Skill development fund levy	1 625 575	1 551 349
Tollgate fees	186 151	214 752
Transport provided as part of departmental activities	2 691 500	2 753 337
Travel agency and visas	9 756	5 419
Travel and subsistence	2 355 540	2 268 632
Uniforms and protective clothing	962 349	1 198 066
Vehicle tracking	163 843	256 083
Wet fuel	8 533 972	7 451 364
Chemicals	430 786	452 348
Cleaning Materials	121 747	155 962
Materials and supplies	23 187 997	16 680 775
Auditors remuneration	3 351 296	2 893 425
Fines and penalties	-	3 000
Medical expenses	408	-
Entertainment	38 322	38 700
Consumables	414 068	542 320
	<b>88 590 074</b>	<b>81 153 661</b>

### 30. Auditors' remuneration

Fees	<b>3 351 296</b>	<b>2 893 425</b>
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# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

Figures in Rand

2019

2018

### 31. Prior period errors

The prior year has been amended to account for prior period errors.

Below is a summary of the total effect that the prior period errors, changes in accounting policies and reclassifications had on the amount previously disclosed in the annual financial statements, followed by a description of each individual prior period error with the amount involved.

## Statement of Financial Position

	Audited	Prior year error	Reclassification	Restated
<b>Assets</b>				
Current Assets				
Cash and cash equivalents	616 034 060	-	-	616 034 060
Trade receivables from exchange transactions	14 649	-	-	14 649
Other receivables from exchange transactions	25 427 179	63 644	-	25 490 823
Receivables from non-exchange transactions	69 458	-	-	69 458
Inventories	1 792 879	567 014	-	2 359 893
VAT receivable	5 019 283	(1 743 639)	-	3 275 644
Employee benefit asset	2 416 597	-	-	2 416 597
	<b>650 774 105</b>	<b>(1 112 981)</b>	-	<b>649 661 124</b>
Non-Current Assets				
Property, plant and equipment	147 850 488	3 362 978	-	151 213 466
Intangible assets	780 874	(146 184)	-	634 690
Employee benefit asset	22 677 800	-	-	22 677 800
	<b>171 309 162</b>	<b>3 216 794</b>	-	<b>174 525 956</b>
Non-Current Assets	<b>171 309 162</b>	<b>3 216 794</b>	-	<b>174 525 956</b>
Current Assets	<b>650 774 105</b>	<b>(1 112 981)</b>	-	<b>649 661 124</b>
<b>Total Assets</b>	<b>822 083 267</b>	<b>2 103 813</b>	-	<b>824 187 080</b>
<b>Liabilities</b>				
Current Liabilities				
Payables from exchange transactions	9 908 332	44 842	-	9 953 174
Unspent conditional grants and receipts	2 929 750	-	-	2 929 750
Operating lease liability	13 605	-	-	13 605
Provisions	21 620	-	-	21 620
Employee benefit obligation	29 267 194	-	-	29 267 194
	<b>42 140 501</b>	<b>44 842</b>	-	<b>42 185 343</b>
Non-Current Liabilities				
Operating lease liability	6 477	-	-	6 477
Employee benefit obligation	157 665 465	-	-	157 665 465
	<b>157 671 942</b>	-	-	<b>157 671 942</b>
Non-Current Liabilities	<b>157 671 942</b>	-	-	<b>157 671 942</b>
Current Liabilities	<b>42 140 501</b>	<b>44 842</b>	-	<b>42 185 343</b>
<b>Total Liabilities</b>	<b>199 812 443</b>	<b>44 842</b>	-	<b>199 857 285</b>
<b>Net Assets</b>	<b>622 270 824</b>	<b>2 058 971</b>	-	<b>624 329 795</b>
<b>Net Assets</b>				
Accumulated surplus	622 270 824	2 058 971	-	624 329 795

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

Figures in Rand

2019

2018

### 31. Prior period errors (continued)

#### 31.1 Other receivables from exchange transactions

Balance previously reported	25 427 179
Other receivables	4 773
Councillor overpayment (2016/2017)*	26 761
Councillor overpayment (2017/2018)*	32 110
	<hr/>
	25 490 823

A correction was made due to an amount received for a cancellation of a flight ticket that was paid and cancelled during the 2017/2018 financial year, the credit note was only received during the 2018/2019 financial year.

Additional disclosure: Consumer debtors impaired- The prior year amount disclosed for 121 days and more was restated from R32 747 to R35 185.

\*During February 2019 the Municipality became aware of the fact that Cllr. P. Hess was appointed as Head of a Section 79 committee at the local municipality since September 2016. The municipality raised the debtor in 2018/2019 for all applicable financial years in which the councillor was overpaid. The correction was made to ensure that the debtor is raised in the correct period that the overpayment was made.

#### 31.2 Inventories

Balance previously reported	1 792 879
Consumables	567 014
	<hr/>
	2 359 893

A journal was incorrectly processed in the 2017/2018 financial year resulting in consumables of the amount of R 283 507 to be included to the inventory balance. The error was corrected by processing a journal to add the stock, that was previously incorrectly processed.

#### 31.3 VAT receivable

Balance previously reported	5 019 283
VAT on admin fee roads agency	(1 565 933)
Accruals	(3 125)
Contracted services*	(169 240)
General expenditure*	(5 341)
	<hr/>
	3 275 644

The administration fee on the Roads function was incorrectly recorded as inclusive of VAT in the 2017/2018 financial year and not paid over to SARS. The Municipality however paid the outstanding amount to SARS during the 2018/2019 financial year.

An accrual was raised in the 2017/2018 financial year for software expenditure. The service provider however wrote off the invoice in the 2018/2019 financial year.

\*The South African Revenue Services ( SARS) identified six tax invoices that did not comply with the VAT Act. This led to a partial VAT claim rejection for the April 2018, May 2018 and June 2018 VAT periods. These amounts were incorrectly included during the 2017/2018 financial year as part of the VAT Receivable. An amount of R 169 240 relates to contracted service and R5 341 to general expenditure.

#### 31.4 Property, plant and equipment

Balance previously reported	147 850 489
Depreciation: Buildings	23
Depreciation: Estimated useful life correction	3 362 954
	<hr/>
	151 213 466

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

Figures in Rand

2019

2018

#### **31. Prior period errors (continued)**

The prior adjustment is due to rounding differences between the import of the buildings file and the calculation of the depreciation of the system.

The Municipality assessed the fully depreciated assets in 2018/2019. During our assessment in the 2018/2019 financial year we identified an error of incorrectly recorded useful life of certain assets and it has been subsequently corrected. The error impacted the opening balance of the Accumulated depreciation of Furniture and fittings (R756 974.70), Motor Vehicles (R482 917.77), Office Equipment (R1 291 368.39), Plant and Equipment (R176 521.96), Infrastructure (R400 928.53) and other Plant and equipment (R14 883.76) and the opening balance of Accumulated surplus of the 2017/2018 financial year of R3 123 595.12. The error also impacted the depreciation for 2017/2018 financial year of Furniture and fittings (-R20 722.86), Motor Vehicles (R22 327.61), Office Equipment (-R250 682.41), Plant and Equipment (R6 456.47), Infrastructure (R6 354.70) and other Plant and equipment (-R3 093.63) and the surplus of the 2017/2018 financial year of R239 360.11.

#### **31.5 Intangible assets**

Balance previously reported	780 874
Intangible: Opening Balance adjustment due to Disposal*	(181 087)
Intangible: Opening Balance adjustment due to Amortisation roll-back*	50 558
Intangible: Adjustment to Amortisation 2017/18*	68 205
Intangible: Adjustment to loss on disposal 2017/18*	(83 860)
	<hr/>
	<b>634 690</b>

\*Intangible assets expired during the 2015/2016 and 2017/2018 financial years was not disposed during the relevant financial periods and this has been corrected during the 2018/2019 financial year. The error impacted the cost of the Intangible assets (R 401 769.53), accumulated depreciation (R 255 586.39), accumulated surplus (R 146 183) and the surplus (R 152 064.23). The surplus for 2017/2018 consists of a correction to amortisation of R 68 205.25 and loss on disposal of assets of R 83 858.98.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

Figures in Rand

2019

2018

### 31. Prior period errors (continued)

#### 31.6 Payables from exchange transactions

Balance previously reported	9 908 332
Accruals	(25 445)
SALGA: Debtor	70 287
	<b>9 953 174</b>

An invoice raised was an accrual in the 2017/2018 financial year and service provider however wrote off the invoice in the 2018/2019 financial year and the accrual was reversed.

A balance raised for a SALGA debtor for the 2017/2018 financial year was incorrectly processed. The outstanding amount was paid as part of the SALGA payment for the 2017/2018 financial year and a debtor should not been raised. The debtor was also disclosed as part of payables which were incorrect.

#### 31.7 Accumulated surplus

Balance previously reported	622 270 824
Accumulated Depreciation: Estimated useful life correction**	3 123 594
Depreciation: Estimated useful life correction**	239 362
Trade receivables from exchange transactions	4 772
VAT: Admin Fee roads agency	(1 565 933)
Inventory	567 015
VAT: Accruals***	(3 125)
Accruals 2017/2018 (External computer services)***	25 444
Depreciation: Buildings	23
VAT: Contracted services****	(169 240)
VAT: General expenditure****	(5 343)
SALGA: Debtor	(70 287)
Intangible: Opening Balance adjustment due to Disposal *****	(181 087)
Intangible: Opening Balance adjustment due to Amortisation roll-back *****	50 558
Intangible: Adjustment to Amortisation 2017/18 *****	68 205
Intangible: Adjustment to loss on disposal 2017/18 *****	(83 859)
Councillor overpayment (2016/2017)*****	26 761
Councillor overpayment (2017/2018)*****	32 111
	<b>624 329 795</b>

\*\*The Municipality assessed the fully depreciated assets in 2018/2019. During our assessment in the 2018/2019 financial year we identified an error of incorrectly recorded useful life of certain assets and it has been subsequently corrected. The error impacted the opening balance of the Accumulated depreciation of Furniture and fittings (R756 974.70), Motor Vehicles (R482 917.77), Office Equipment (R1 291 368.39), Plant and Equipment (R176 521.96), Infrastructure (R400 928.53) and other Plant and equipment (R14 883.76) and the opening balance of Accumulated surplus of the 2017/2018 financial year of R3 123 595.12. The error also impacted the depreciation for 2017/2018 financial year of Furniture and fittings (-R20 722.86), Motor Vehicles (R22 327.61), Office Equipment (-R250 682.41), Plant and Equipment (R6 456.47), Infrastructure (R6 354.70) and other Plant and equipment (-R3 093.63) and the surplus of the 2017/2018 financial year of R239 360.11.

A correction was made due to an amount received for a cancellation of a flight ticket that was paid and cancelled during the 2017/2018 financial year, the credit note was only received during the 2018/2019 financial year.

The administration fee on the Roads function was incorrectly recorded as inclusive of VAT in the 2017/2018 financial year and not paid over to SARS. The Municipality however paid the outstanding amount to SARS during the 2018/2019 financial year.

A journal was incorrectly processed in the 2017/2018 financial year resulting in consumables of the amount of R 283 507 to be included to the inventory balance. The error was corrected by processing a journal to add the stock, that was previously incorrectly processed.

\*\*\*An accrual was raised in the 2017/2018 financial year for software expenditure. The service provider however wrote off the invoice in the 2018/2019 financial year.

**Cape Winelands District Municipality**  
Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand

2019

2018

**31. Prior period errors (continued)**

The prior adjustment is due to rounding differences between the import of the buildings file and the calculation of the depreciation of the system.

\*\*\*\*The South African Revenue Services ( SARS) identified six tax invoices that did not comply with the VAT Act. This led to a partial VAT claim rejection for the April 2018, May 2018 and June 2018 VAT periods. These amounts were incorrectly included during the 2017/2018 financial year as part of the VAT Receivable. An amount of R 169 240 relates to contracted service and R5 341 to general expenditure.

A balance raised for a SALGA debtor for the 2017/2018 financial year was incorrectly processed. The outstanding amount was paid as part of the SALGA payment for the 2017/2018 financial year and a debtor should not have been raised. The debtor was also disclosed as part of payables which were incorrect.

\*\*\*\*\*Intangible assets expired during the 2015/2016 and 2017/2018 financial years was not disposed during the relevant financial periods and this has been corrected during the 2018/2019 financial year. The error impacted the cost of the Intangible assets (R 401 769.53), accumulated depreciation (R 255 586.39 ), accumulated surplus (R 146 183) and the surplus (R 152 064.23) . The surplus for 2017/2018 consists of a correction to amortisation of R 68 205.25 and loss on disposal of assets of R 83 858.98.

\*\*\*\*\*During February 2019 the Municipality became aware of the fact that Cllr. P. Hess was appointed as Head of a Section 79 committee at the local municipality since September 2016. The municipality raised the debtor in 2018/2019 for all applicable financial years in which the councillor was overpaid. The correction was made to ensure that the debtor is raised in the correct period that the overpayment was made.

**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand

2019                    2018

**31. Prior period errors (continued)**

**Statement of Financial Performance**

	Audited	Prior year error	Reclassification \$	Restated
<b>Revenue</b>				
<b>Revenue from exchange transactions</b>				
Service charges	70 756	-	-	70 756
Rental of facilities and equipment	123 908	-	-	123 908
Agency services	97 720 254	(1 565 933)	-	96 154 321
Other income	1 525 810	-	-	1 525 810
Interest received - investment	51 928 028	-	-	51 928 028
<b>Total revenue from exchange transactions</b>	<b>151 368 756</b>	<b>(1 565 933)</b>	<b>-</b>	<b>149 802 823</b>
<b>Revenue from non-exchange transactions</b>				
<b>Transfer revenue</b>				
Government grants and subsidies	230 433 575	-	-	230 433 575
Fines, Penalties and Forfeits	2 000	-	-	2 000
<b>Total revenue from non-exchange transactions</b>	<b>230 435 575</b>	<b>-</b>	<b>-</b>	<b>230 435 575</b>
<b>Total revenue</b>	<b>381 804 331</b>	<b>(1 565 933)</b>	<b>-</b>	<b>380 238 398</b>
<b>Expenditure</b>				
Employee related costs	(185 397 997)	-	-	(185 397 997)
Remuneration of councillors	(11 363 026)	32 110	-	(11 330 916)
Depreciation and amortisation	(10 320 548)	307 589	-	(10 012 959)
Finance costs	(91)	-	-	(91)
Debt impairment reversal	-	-	2 187 943	2 187 943
Debt impairment	2 187 943	-	(2 187 943)	-
Bad debt written off	(2 257 634)	-	-	(2 257 634)
Contracted services	(50 123 794)	(169 240)	-	(50 293 034)
Lease rentals on operating lease	(484 240)	-	-	(484 240)
Transfers and subsidies	(13 495 524)	-	-	(13 495 524)
General Expenses	(81 672 138)	518 478	-	(81 153 660)
<b>Total expenditure</b>	<b>(352 927 049)</b>	<b>688 937</b>	<b>-</b>	<b>(352 238 112)</b>
<b>Total revenue</b>	<b>381 804 331</b>	<b>(1 565 933)</b>	<b>-</b>	<b>380 238 398</b>
<b>Total expenditure</b>	<b>(352 927 049)</b>	<b>688 937</b>	<b>-</b>	<b>(352 238 112)</b>
<b>Operating surplus</b>	<b>28 877 282</b>	<b>(876 996)</b>	<b>-</b>	<b>28 000 286</b>
Loss on disposal of assets and liabilities	(8 881 450)	(83 859)	-	(8 965 309)
<b>Surplus for the year</b>	<b>19 995 832</b>	<b>(960 855)</b>	<b>-</b>	<b>19 034 977</b>

**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand	2019	2018
<b>31. Prior period errors (continued)</b>		
<b>31.8 Agency services</b>		
Balance previously reported	97 720 254	
VAT: Admin fee	(1 565 933)	
	<hr/>	
	<b>96 154 321</b>	

The administration fee on the Roads function was incorrectly recorded as inclusive of VAT in the 2017/2018 financial year and not paid over to SARS. The Municipality however paid the outstanding amount to SARS during the 2018/2019 financial year.

**31.9 Renumeration of councillors**

Balance previously reported	11 363 026
Councillor overpayment	(32 110)
	<hr/>
	<b>11 330 916</b>

During February 2019 the Municipality became aware of the fact that Cllr. P. Hess was appointed as Head of a Section 79 committee at the local municipality since September 2016. The municipality raised the debtor in 2018/2019 for all applicable financial years in which the councillor was overpaid. The correction was made to ensure that the debtor is raised in the correct period that the overpayment was made.

**31.10 Depreciation and amortisation**

Balance previously reported	(10 320 548)
Buildings: Depreciation	23
Depreciation: Estimated useful life correction	239 361
Depreciation intangible assets written back	68 205
	<hr/>
	<b>(10 012 959)</b>

The prior adjustment is due to rounding differences between the import of the buildings file and the calculation of the depreciation by the system.

The Municipality assessed the fully depreciated assets in 2018/2019. During our assessment in the 2018/2019 financial year we identified an error of incorrectly recorded useful life of certain assets and it has been subsequently corrected. The error impacted the opening balance of the Accumulated depreciation of Furniture and fittings (R756 974.70), Motor Vehicles (R482 917.77), Office Equipment (R1 291 368.39), Plant and Equipment (R176 521.96), Infrastructure (R400 928.53) and other Plant and equipment (R14 883.76) and the opening balance of Accumulated surplus of the 2017/2018 financial year of R3 123 595.12. The error also impacted the depreciation for 2017/2018 financial year of Furniture and fittings (-R20 722.86), Motor Vehicles (R22 327.61), Office Equipment (-R250 682.41), Plant and Equipment (R6 456.47), Infrastructure (R6 354.70) and other Plant and equipment (-R3 093.63) and the surplus of the 2017/2018 financial year of R239 360.11.

Intangible assets expired during the 2015/2016 and 2017/2018 financial year was omitted. An error existed in that the assets had to be disposed during 2015/2016 and 2017/2018 financial year respectively. The error impacted the cost of the Intangible assets (R 401 769.53), accumulated amortisation (R 255 586.39), accumulated surplus (R 146 183.14) and the a surplus (R 152 064.23). The surplus for 2017/2018 consists of a correction to depreciation of R 68 205.25 and loss on disposal of assets of R 83 858.98.

**31.11 Debt impairment reversal**

Balance previously reported	2 187 943
Reclassified as Debt impairment reversal	<hr/>

The amount written back for Debt impairment for the 2017/2018 financial year was reclassified as Debt impairment reversal on the Statement of Financial Performance to ensure a more accurate disclosure.

**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand

	2019	2018
<b>31. Prior period errors (continued)</b>		
<b>31.12 Debt impairment</b>		
Balance previously reported	2 187 943	
Reclassified as Debt impairment reversal	(2 187 943)	
	"	
 The amount written back for Debt impairment for the 2017/2018 financial year was reclassified as Debt impairment reversal on the Statement of Financial Performance to ensure a more accurate disclosure.		
<b>31.13 Contracted services</b>		
Balance previously reported	(50 123 794)	
Business and advisory services*	(64 477)	
Laboratory service*	(74 758)	
Fire services*	(7 230)	
Employee wellness*	(22 775)	
	<b>(50 293 034)</b>	
 *The South African Revenue Services (SARS) identified six tax invoices that did not comply with the VAT Act. This led to a partial VAT claim rejection for the April 2018, May 2018 and June 2018 VAT periods. These amounts were incorrectly included during the 2017/2018 financial year.		
<b>31.14 General Expenses</b>		
Balance previously reported	(81 672 138)	
Printing, publications and books*	208 115	
Advertising, publicity and marketing*	358 900	
Travel and subsistence	4 772	
Advertising, publicity and marketing	(5 343)	
Professional and Regulatory Bodies (SALGA)	(70 287)	
Materials and supplies*	(207 301)	
Assets less than the capitalisation threshold*	207 301	
External computer services	22 321	
	<b>(81 153 660)</b>	
 *A journal was incorrectly processed in the 2017/2018 financial year resulting in consumables of the amount of R 283 507 to be included to the inventory balance. The error was corrected by processing a journal to add the stock, that was previously incorrectly processed.		
A correction was made due to a credit note received for a cancellation of a flight ticket that was paid and cancelled during the 2017/2018 financial year, the credit note was only received during the 2018/2019 financial year.		
The South African Revenue Services ( SARS) identified six tax invoices that did not comply with the VAT Act. This led to a partial VAT claim rejection for the April 2018, May 2018 and June 2018 VAT periods. These amounts was incorrectly included during the 2017/2018 financial year.		
A balance raised for a SALGA debtor for the 2017/2018 financial year was incorrectly processed. The outstanding amount was paid as part of the SALGA payment for the 2017/2018 financial year and a debtor should not been raised. The debtor was also disclosed as part of payables which were incorrect.		
*A reclasification was made on the fire fighting's fire hoses and related items in general expenditure from assets less than capitalisation threshold to materials and supplies. This is due to the use of the items being consumed during the rendering of the service and replaced regularly.		
An accrual was raised in the 2017/2018 financial year for software expenditure. The service provider however wrote off the invoice in the 2018/2019 financial year.		

Balance previously reported	2 187 943
Reclassified as Debt impairment reversal	(2 187 943)
	"

Balance previously reported	(50 123 794)
Business and advisory services*	(64 477)
Laboratory service*	(74 758)
Fire services*	(7 230)
Employee wellness*	(22 775)
	<b>(50 293 034)</b>

Balance previously reported	(81 672 138)
Printing, publications and books*	208 115
Advertising, publicity and marketing*	358 900
Travel and subsistence	4 772
Advertising, publicity and marketing	(5 343)
Professional and Regulatory Bodies (SALGA)	(70 287)
Materials and supplies*	(207 301)
Assets less than the capitalisation threshold*	207 301
External computer services	22 321
	<b>(81 153 660)</b>

**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand	2019	2018
<b>31. Prior period errors (continued)</b>		
<b>31.15 Loss on disposal of assets</b>		
Balance previously reported	(8 881 450)	
Depreciation intangible assets written back	(83 859)	
	<hr/>	
	(8 965 309)	

Intangible assets expired during the 2015/2016 and 2017/2018 financial years was not disposed during the relevant financial periods and this has been corrected during the 2018/2019 financial year. The error impacted the cost of the Intangible assets (R 401 769.53), accumulated amortisation (R 255 586.39), accumulated surplus (R 146 183.14) and the a surplus (R 152 064.23). The surplus for 2017/2018 consists of a correction to depreciation of R 68 205.25 and loss on disposal of assets of R 83 858.98.

**31. 20 Additional disclosure**

**Financial instruments (Note 33)**

The comparative amounts that were disclosed in the 2018/2019 financial instruments disclosure note number 33 were amended from the amounts disclosed in the 2017/2018 financial statements. This was due to the correction of errors as included in note 31 relating to Other receivables from exchange transactions (note 31.1) and Payables from exchange transactions (note 31.8).

**Irregular expenditure (Note 37)**

Balance previously reported	-	161 465
Correction of prior period error	-	135 013
	<hr/>	<hr/>
	-	296 478

Two cases where goods and services were acquired without following adequate processes in terms of the Supply Chain Management Policy of the Municipality that was detected during the 2017/2018 audit and dealt with as uncorrected misstatements until further clarity could be obtained. It relates to a human error in the application of the PPPFA Regulations where the incorrect B-BBEE certificate were utilised during the evaluation in terms of price and the preference points system for the installation of an alarm system. Also, additional costs for training were incurred without following adequate procurement processes.

**Additional disclosure in terms of the Municipal Finance Management Act (MFMA): Contributions to organised local government (Note 38.1)**

The Municipality received an invoice from SALGA in the 2018/2019 financial year that relates to the 2017/2018 financial year. This invoice was not previously corrected to the 2017/2018 SALGA debtor to the amount of R40 864. This led to general expenditure previously being understated to the amount of R40 864.

**Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005**

**Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b). (Note 40.1)**

Balance previously reported	-	9 316 908
Correction of prior period error	-	(649 800)
	<hr/>	<hr/>
	-	8 667 108

The amounts for the supply, delivery, installation and commissioning of three (3) digital colour copier/multifunctional devices were erroneously included in the 2017/2018 financial year and subsequently corrected.

**Regulation 45 - Particulars of awards of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months. (Note 40.2)**

Balance as previously reported	-	5 873 593
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# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

Figures in Rand

	2019	2018
<b>31. Prior period errors (continued)</b>		
Faure and Faure Incorporated	-	(4 560)
S Pietersen t/a SP Health and Sanitation	-	(90 000)
	<hr/>	<hr/>
	-	<b>5 779 033</b>

In the case of Faure and Faure, the amounts were erroneously included and in the case of S Pietersen t/a SP Health and Sanitation, the relevant parent retired in 2015, therefore the disclosure of the 2017/2018 financial year was adjusted.

### Councillor' amounts outstanding in respect of overpayment of remuneration due to upward change in grading (Note 38.6)

Balance as previously reported	-	37 113
Restatement: Cllr. P. Hess	-	58 871
	<hr/>	<hr/>
	-	<b>95 984</b>

During February 2019 the Municipality became aware of the fact that Cllr. P. Hess was appointed as Head of a Section 79 committee at the local municipality since September 2016. The municipality raised the debtor in 2018/2019 for all applicable financial years in which the councillor was overpaid. The correction was made to ensure that the debtor is raised in the correct period that the overpayment was made.

### 32. Cash generated from operations

Surplus	50 875 813	19 034 976
<b>Adjustments for:</b>		
Depreciation and amortisation	11 758 024	10 012 959
Loss on sale of assets and liabilities	881 488	8 965 309
Finance costs - Finance leases	-	91
Debt impairment	55 718	-
Debt impairment reversal	-	(2 187 943)
Movements in operating lease assets and accruals	(20 082)	(11 257)
Movements in retirement benefit assets and liabilities	(3 796 641)	12 055 176
Movements in provisions	(8 149)	(57 944)
Inventory write off	43 355	-
<b>Changes in working capital:</b>		
Other receivables from exchange transactions	(4 513 603)	(9 748 411)
Trade Receivables from exchange transactions	(75 839)	2 470 870
Other receivables from non-exchange transactions	(3 796)	190 366
Payables from exchange transactions	(5 508 026)	(920 223)
VAT	3 165 018	1 770 614
Unspent conditional grants and receipts	1 667 916	465 534
Inventories	(215 713)	(295 183)
	<hr/>	<hr/>
	<b>54 305 483</b>	<b>41 744 934</b>

### 33. Financial Instruments

#### Financial risk management

The accounting policy for financial instruments were applied to the following Statement of Financial Position items:

<b>Financial assets at amortised cost</b>		
Trade receivables from exchange transactions	34 770	14 649
Other receivables from exchange transactions	26 381 999	22 073 885
Receivables from non-exchange transactions	73 254	69 458
Cash and Cash equivalents	656 290 226	616 034 060
	<hr/>	<hr/>
	<b>682 780 249</b>	<b>638 192 052</b>

<b>Financial liabilities at amortised cost</b>		
Payables from exchange transactions	4 445 148	9 953 174

**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand	2019	2018
<b>33. Financial Instruments (continued)</b>		
Operating lease liability	20 082	9 973 256
	4 445 148	9 973 256

Refer to notes 4, 5 and 8 for additional disclosures.

**Liquidity risk**

The Municipality has limited exposure to liquidity risk and is able to meet its financial obligations as it falls due. The Municipality limits exposure to liquidity risk by ensuring all liabilities are cash backed.

The following are contractual maturities of financial assets and liabilities.

At 30 June 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	4 445 148	-	-	-
At 30 June 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	9 953 174	-	-	-
Operating lease liability	13 605	6 477	-	-

**Credit risk**

Credit risk consists mainly of cash and cash equivalents. The municipality only deposits cash with multiple banks, limiting exposure to any one counter-party.

The carrying amount of receivables and cash and cash equivalents represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Financial assets at amortised cost	2019	2018
Other receivables from exchange transactions	26 381 999	22 073 885
Trade receivables from exchange transactions	34 770	14 649
Cash and cash equivalents	656 290 226	616 034 060
Receivables from non-exchange transactions	73 254	69 458

**Fair Values**

Due to their short maturities the fair values of all financial instruments are substantially identical to the values reflected in the statement of financial position.

There were no changes in the Municipality's approach to financial risk management from the prior year.

**Interest rate risk**

The Municipality's exposure to interest rate risk and effective interest rate on financial instruments at balance sheet date are as follows:

The council has no outstanding loans as at 30 June 2019 (2018: R nil). The average interest rate on investments is 8.26% (2018: 8.15%). The Municipality invest with multiple banks with varying interest rates linked to the prime rate.

**Market risk**

It is the risk that changes in market prices, such as foreign currency exchange rates and interest rates that will affect the Municipality's projected income. The Municipality does not hold any assets that are impacted by changes in the market.

Foreign currency risk is deemed to be minimal as very few foreign currency transactions are conducted.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

Figures in Rand

2019

2018

### 33. Financial Instruments (continued)

There were no changes in the Municipality's approach to financial risk management from the prior year.

### 34. Going concern

We draw attention to the fact that at 30 June 2019, the municipality had an accumulated surplus (deficit) of R 675 205 607 (2018: R 652 879 140) and that the municipality's total assets exceed its total liabilities by R 675 205 607 (2018: R 652 879 140).

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

With the abolishment of the Regional Services Council Levies on 30 June 2006, the Cape Winelands District Municipality is dependent on Government Grants, including the Equitable Share, for approximately 58% of the Municipality's revenue. In addition, Provincial Allocations, including the rendering of the Roads Function, account for a further 28%.

### 35. Unauthorised expenditure

#### Reconciliation of Unauthorised expenditure

Opening balance		
Approved by Council or condoned		
Unauthorised expenditure awaiting authorisation		

### 36. Fruitless and wasteful expenditure

Opening balance as previously reported	434 551	
<b>Opening balance as restated</b>	<b>434 551</b>	
Add: Fruitless and Wasteful Expenditure - current period	18 662	374 536
Add: Fruitless and Wastefull Expenditure - prior period	82 971	60 015
Less: Amounts recoverable - current	(466 434)	
Less: Amount written off - prior period	-	
Less: Amount written off - prior period	-	
<b>Closing balance</b>	<b>69 750</b>	<b>434 551</b>

#### Cases under Investigations

01 (2017/2018: Nil) case(s) related to payments made in terms of a contract with a contractor for the upgrading of ablution facilities in excess of the construction work completed.

2018/2019

- a) An internal investigation has been conducted by the Internal Audit Unit of the Municipality;
- b) Upon receipt of the final report, processes in terms of the provisions of Section 32 of the MFMA to be followed;
- c) Awaiting investigation by MPAC in terms of Section 32 of the MFMA to recommend to Council if irrecoverable and to be written off, alternatively to be recovered;
- d) Relevant consequence management processes will commence upon receipt of final report from appointed service provider; and
- e) No fraud was detected; hence no criminal proceedings have been instituted against the responsible officials involved.

Nil (2017/2018: 02) cases related to payments made in terms of a contract with a consulting engineer where the maximum contractual value was charged even though the project was not fully completed and where the amounts charged, exceeded the allowable fee that is based on the sub-appointed contractor's costs.

2018/2019

**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand

2019

2018

**36. Fruitless and wasteful expenditure (continued)**

In respect of 2 cases, after an investigation by MPAC in terms of MFMA section 32, Council resolved on 29 June 2019 that the fruitless and Wasteful Expenditure made, be recovered. The relevant consequence management processes are in progress.

**2017/2018**

In respect of 2 cases -

- a) An internal investigation has been conducted by an appointed service provider;
- b) Upon receipt of the final report, processes in terms of the provisions of Section 32 of the MFMA to be followed;
- c) Awaiting investigation by MPAC in terms of Section 32 of the MFMA to recommend to Council if irrecoverable and to be written off, alternatively to be recovered;
- d) Relevant consequence management processes will commence upon receipt of final report from appointed service provider; and
- e) No fraud was detected; hence no criminal proceedings have been instituted against the responsible officials involved.

**37. Irregular expenditure**

Opening balance as previously reported	161 465	-
Correction of prior period error (note 31)	135 013	-
<b>Opening balance as restated</b>	<b>296 478</b>	<b>-</b>
Add: Irregular Expenditure - current period	-	47 719
Add: Irregular Expenditure - prior period	-	113 746
Less: Amount written off - prior period	(161 465)	-
<b>Closing balance</b>	<b>135 013</b>	<b>161 465</b>

**Cases under investigations**

**Nil (2017/2018: 05) cases related to non-compliance with procurement process requirements.**

Goods and services were acquired without following adequate processes in terms of the Supply Chain Management Policy of the Municipality. In addition, one case relates to an error made in the application of the PPPFA Regulations.

**2018/2019**

In respect of 2 cases -

- a) An internal investigation has been conducted by the Internal Audit Unit of the Municipality;
- b) The relevant processes in terms of the provisions of Section 32 of the MFMA to be followed;
- c) Awaiting investigation by MPAC in terms of Section 32 of the MFMA to recommend to Council if irrecoverable and to be written off, alternatively to be recovered; and
- d) No fraud was detected; hence no criminal proceedings have been instituted against the responsible officials involved.

In respect of 3 cases, after an investigation by MPAC in terms of MFMA section 32, Council resolved that the irregular expenditure be certified as irrecoverable and be written off. The relevant consequence management processes are in progress.

**2017/2018**

**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand

	2019	2018
<b>37. Irregular expenditure (continued)</b>		
a) An internal investigation has been conducted by the Municipality's Internal Audit Unit, however the investigation of 2 additional cases was only concluded recently;		
b) Upon receipt of the final report, processes in terms of the provisions of Section 32 of the MFMA to be followed;		
c) Awaiting investigation by MPAC in terms of Section 32 of the MFMA to recommend to Council if irrecoverable and to be written off, alternatively to be recovered;		
d) Relevant consequence management processes will be instituted upon receipt of final report; and		
e) No fraud was detected; hence no criminal proceedings have been instituted against the responsible officials involved.		
<b>NII (2017/2018: 01) case(s) related to other non-compliance with laws, regulations, council policies and/or by-laws</b>		
An expansion in excess of 20% was made on a contract for an appointed consulting engineer without following the process in terms of Section 116(3) of the MFMA.		
Local Government: Municipal Finance Management Act	-	88 301
<b>2018/2019</b>		
In respect of the 1 case, after an investigation by MPAC in terms of MFMA section 32, Council resolved that the irregular expenditure be certified as irrecoverable and be written off. The relevant consequence management processes are in progress.		
<b>2017/2018</b>		
In respect of the 1 case -		
a) An internal investigation has been conducted by an appointed service provider;		
b) Upon receipt of the final report, processes in terms of the provisions of Section 32 of the MFMA to be followed;		
c) Awaiting investigation by MPAC in terms of Section 32 of the MFMA to recommend to Council if irrecoverable and to be written off, alternatively to be recovered;		
d) Relevant consequence management processes will commence upon receipt of final report from appointed service provider; and		
e) No fraud was detected; hence no criminal proceedings have been instituted against the responsible officials involved.		
<b>38. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>38.1 Contributions to organised local government</b>		
Current year subscription / fee	1 953 069	1 867 138
Amount paid - current year	(1 841 046)	(1 775 824)
Discount received 5% (5%:2018)	<u>(112 023)</u>	<u>(91 314)</u>
	-	-
<b>38.2 Audit fees</b>		
Current year audit fee: Auditor General	3 351 296	2 893 425
Current year audit fee: Audit Committee	126 657	107 031
Amount paid	<u>(3 459 988)</u>	<u>(3 010 013)</u>
	<u>17 965</u>	<u>(9 557)</u>
<b>38.3 PAYE, UIF and SDL</b>		
Current year subscription / fee	(33 874 772)	(30 793 490)
Amount paid - current year	<u>33 874 772</u>	<u>30 793 490</u>
	-	-
<b>38.4 Pension and Medical Aid Deductions</b>		

**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand	2019	2018
<b>38. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
Current year subscription / fee	(59 989 654)	(56 749 225)
Amount paid - current year	60 064 712	56 749 225
	<b>75 058</b>	-

Included in medical aid deductions are amounts paid in terms of post employment obligations.

**38.5 VAT**

VAT receivable	110 626	3 275 644
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The prior year comparative amount was restated during the 2017/2018 financial year. Details are included in note 31.21.

All VAT returns have been submitted by the due date throughout the year.

**38.6 Councillors' arrear consumer accounts**

During the financial year under review no Councillor was in arrears with the settlement of rates or services.

However, the following amounts are outstanding in respect of the over payment of remuneration due to the upward change in the grading of Witzenberg, Drakenstein and Langeberg Municipality as well as the termination/resignation of councillors.

30 June 2019	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr. Z.L. Gwada	-	2 463	2 463
Cllr. S. Ross	-	4 387	4 387
Cllr. S.W. Nyamana	-	769	769
Cllr. S.C. Rens	-	3 139	3 139
Cllr. P. Hess	-	54 467	54 467
Cllr. P Heradien (resigned 10/12/2014)	-	10 315	10 315
Cllr. C. Mcako (resigned 29/06/2016)	-	1 138	1 138
Cllr. N.S. Louw	-	3 306	3 306
	-	<b>79 984</b>	<b>79 984</b>

**In respect of the upward grading or changes in positions held on council committees (section 79 committees) of the local municipalities within the district:**

The Municipality in terms of Section 167(2) of the MFMA, must and has the right to, recover remuneration paid otherwise than in accordance with the framework of the Public Office-Bearers Act, 1998 from political office-bearers and may not write off any expenditure incurred by the municipality in paying or giving such remuneration. In view of the said determination, the Municipality recovered all overpayments as a result of the upward grading or positions held on council committees of its local municipalities except for the above mentioned councillors, where payment arrangements have been made.

Cllrs Heradien, Ross, Gwada (deceased) and Nyamana have been handed over for legal action to be instituted. Payment arrangements have been made with Cllr Rens and the outstanding balance will be recovered from each claim/allowance as it becomes due to the Cllr. During February 2019 the Municipality became aware of the fact that Cllr. P. Hess was appointed as Head of a Section 79 committee at the local municipality since September 2016. A payment arrangement has been made with Cllr Hess and the outstanding balance will be recovered from each claim or allowance as it becomes due to the Cllr.

**In respect of resignations / terminations:**

Legal action has been instituted against both Cllrs C Mcako and S Louw.

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

Figures in Rand

		2019	2018
	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
<b>38. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>			
<b>30 June 2018</b>			
Cllr. P Heradien (resigned 10/12/2014)	-	10 315	10 315
Cllr. C. Mcako (resigned 29/06/2016)	-	1 138	1 138
Cllr. Z.L. Gwada	-	2 463	2 463
Cllr. S. Ross	-	4 387	4 387
Cllr. S.W. Nyamana	-	769	769
Cllr. L.S. Sambokwe	-	7 028	7 028
Cllr. S.C. Rens	-	11 013	11 013
Cllr. P. Hess	-	58 871	58 871
	<hr/>	<hr/>	<hr/>
	95 984	95 984	95 984

#### In respect of upward grading of the local municipalities within the district:

The Municipality in terms of Section 167(2) of the MFMA, must and has the right to, recover remuneration paid otherwise than in accordance with the framework of the Public Office-Bearers Act, 1998 from political office-bearers and may not write off any expenditure incurred by the municipality in paying or giving such remuneration. In view of the said determination, the Municipality recovered all overpayments as a result of the upward grading of its local municipalities, except for the above mentioned councillors, where payment arrangements have been made.

No cooperation has been received from the then Cllr P Heradien, thus the Municipality will pursue further legal action. In addition Cllrs Ross, Gwada and Nyamana did not honour the payment arrangements made and the Municipality will pursue further legal action. New payment arrangements have been made with Cllr Sambokwe & Cllr Rens and the outstanding balance will be recovered from each claim/allowance as it becomes due to them.

The prior year comparative amount was restated during the 2018/2019 financial year. Details are included in prior period error note 31.

#### In respect of resignations / terminations:

The then Cllr. C. Mcako did not honour the previous arrangement made to settle the outstanding amount on 31 July 2017. The Municipality will pursue further legal action.

#### 38.7 Particulars of non-compliance

##### 2018/2019

Regulation 2(3)(a) of the Municipal Supply Chain Management Regulations, 2005 stipulates that no municipality may act otherwise than in accordance with its supply chain management policy when procuring goods or services. Goods or services were acquired without following adequate procurement processes. Matters that was detected during the 2017/2018 audit was investigated in the 2018/2019 financial year and subsequently dealt with as a prior period adjustment. (Amounts disclosed are inclusive of VAT).

##### 2017/2018

Regulation 2(3)(a) of the Municipal Supply Chain Management Regulations, 2005 stipulates that no municipality may act otherwise than in accordance with its supply chain management policy when procuring goods or services. Goods or services were acquired without following adequate procurement processes. The non-compliance for the prior year was identified in the 2017/2018 financial year. (Amounts disclosed are inclusive of VAT).

Expansion above 20% without following S116(3) of the MFMA	-	
Acquisition of goods and services without following adequate procurement processes	182 732	
Other	-	
	<hr/>	<hr/>
	182 732	182 732

**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand	2019	2018
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**38. Additional disclosure in terms of Municipal Finance Management Act (continued)**

The Municipality will consider to request National Treasury for condonation in terms of Section 170 of the MFMA on the matters above.

**38.8 Intergovernmental allocations**

Section 123 of the MFMA determines that the municipality must disclose information on any allocations made by the municipality to another municipality. The following allocations were made to local municipalities within the CWDM for projects as identified by the respective local municipality in terms of service level agreements:

**Intergovernmental allocations made to another municipality**

Breede Valley Municipality	500 000	500 000
Langeberg Municipality	500 000	500 000
Witzenberg Municipality	500 000	500 000
	<b>1 500 000</b>	<b>1 500 000</b>

**39. Reconciliation between budget and annual financial statements**

Reconciliation of variances between budget statement and the final approved budget.

Service charges (Amount as per budget schedule)

Service charges	200 000	-
Transfer to Licenses or Permits	(63 900)	-
<b>Amount as per final approved budget</b>	<b>136 100</b>	-

Service charges was remapped from Other revenue to adhere to the standards of GRAP and transfers were made to other revenue items.

Rental of facilities and equipment (Amount as per budget schedule)

Transfer from Other income	220 000	-
<b>Amount as per final approved budget</b>	<b>248 400</b>	-

Provision was made for additional rental income received.

Agency Services (Amount as per budget schedule)

Management fees: Income	128 389 752	-
Management fees: expenditure	13 962 101	-
Transfers to Other income	(13 962 100)	-
<b>Amount as per final approved budget</b>	<b>126 364 783</b>	-

Management fees was remapped to Agency services to adhere to the standards of GRAP.

Licenses and permits (Amount as per budget schedule)

Transfers to Licenses and Permits	300 000	-
Licenses and permits	63 900	-
<b>Amount as per final approved budget</b>	<b>(363 900)</b>	-

Licences and permits were remapped to Other revenue to adhere to the standards of GRAP. Transfers were made to Licences and permits to account for additional income received.

Transfers and subsidies (Amount as per budget schedule)

Public Sector SETA	236 022 652	-
<b>Amount as per final approved budget</b>	<b>(289 000)</b>	-

SETA refunds were remapped from Transfers and subsidies to Other revenue to adhere to the standards of GRAP.

**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand	2019	2018
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**39. Reconciliation between budget and annual financial statements (continued)**

Other revenue (Amount as per budget schedule)	16 097 091	-
Management fees	(13 962 101)	-
Service charges	(200 000)	-
Public Sector SETA	289 000	-
Advertisements	(50 000)	-
Licenses and permits	300 000	-
Transfers to Other revenue items	814 600	-
<b>Amount as per final approved budget</b>	<b>3 288 590</b>	-

Other revenue was remapped to adhere to the standards of GRAP.

Interest received (Amount as per budget schedule)	54 000 000	-
Transfers to Interest received	1 245 870	-
<b>Amount as per final approved budget</b>	<b>55 245 870</b>	-

Provision was made for additional interest income.

Employee related costs (Amount as per budget schedule)	212 412 275	-
Learnerships and Internships	2 103 000	-
Workmen's compensation fund	1 133 636	-
Bargaining council	(4 400)	-
Transfers to Employee related costs	1 347 600	-
<b>Amount as per final approved budget</b>	<b>216 992 111</b>	-

Learnerships and internships and Workmen's compensation fund were remapped from General expenses to Employee related cost to adhere to standards of GRAP. Bargaining council was remapped from Employee related cost to General expenses to adhere to the standards of GRAP.

Depreciation and amortisation (Amount as per budget schedule)	9 989 893	-
Transfers from other expenditure items	3 105 460	-
<b>Amount as per final approved budget</b>	<b>13 095 353</b>	-

Provision was made for additional depreciation.

Debt impairment (Amount as per budget schedule)	1 186 275	-
Transfers from Bad debt written off	(120 000)	-
Bad debt written off	(1 066 275)	-
Transfer to Impairment loss	55 750	-
<b>Amount as per final approved budget</b>	<b>55 750</b>	-

Debt impairment was remapped to Bad debt written off to adhere to the standards of GRAP and provision was made for impairment loss.

Bad debt written off (Amount as per budget schedule)	1 186 275	-
Debt impairment	(120 000)	-
Transfer to other expenditure	(1 066 275)	-
<b>Amount as per final approved budget</b>	<b>1 066 275</b>	-

**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand

	2019	2018
<b>39. Reconciliation between budget and annual financial statements (continued)</b>		
Bad debt written off was remapped to adhere to the standards of GRAP.		
Lease rentals on operating lease (Amount as per budget schedule)		
Lease rentals on operating lease	1 029 000	-
Transfers to and from Operating leases	(742 300)	-
<b>Amount as per final approved budget</b>	<b>286 700</b>	-
Lease rentals on operating lease were remapped from General expenses to adhere to the standards of GRAP		
Transfers and subsidies (Amount as per budget schedule)	10 856 300	-
Transfers to Transfers and subsidies	1 570 000	-
<b>Amount as per final approved budget</b>	<b>12 426 300</b>	-
Transfers were made to Transfers and subsidies to correct expenditure recorded against the incorrect expenditure categories.		
Contracted services (Amount as per budget schedule)	62 672 512	-
Transfers to and from Contracted services	(4 592 083)	-
<b>Amount as per final approved budget</b>	<b>58 080 429</b>	-
Transfers from and to contracted services was necessary to allocate items against correct expenditure categories according to GRAP.		
Other materials (Amount as per budget schedule)	33 566 117	-
Transfers to and from Other materials	(2 296 867)	-
General expenses	(31 269 250)	-
<b>Amount as per final approved budget</b>	<b>-</b>	-
Other materials were remapped to General expenses to adhere to the standards of GRAP.		
General Expenses (Amount as per budget schedule)	89 922 787	-
Advertisements	(50 000)	-
Learnerships and Internships	(2 103 000)	-
Bargaining council	4 400	-
Workmen's compensation fund	(1 133 636)	-
Lease rental on operating leases	(1 029 000)	-
Other materials	33 566 117	-
Management fees	(13 962 100)	-
Transfers to and from general expenses	(1 576 087)	-
<b>Amount as per final approved budget</b>	<b>103 639 481</b>	-
Advertisements was remapped from Other Revenue to General expenses to adhere to the standards of GRAP. Learnerships and Internships and Workmen's compensation fund were remapped from General expenses to Employee related cost to adhere to the standards of GRAP. Bargaining council was remapped from Employee related cost to general expenses to adhere to the standards of GRAP. Lease rentals on operating lease were remapped from general expenses to adhere to the standards of GRAP. Other Materials was remapped to General expenditure to adhere to the standards of GRAP. Management fees was remapped from General expenses to Agency services.		
Loss on disposal of assets and liabilities (Amount as per budget schedule)	20 000	-
Transfers to Loss on disposal of assets	908 260	-
<b>Amount as per final approved budget</b>	<b>928 260</b>	-
Transfers were made to Loss on disposal of property, plant and equipment to make provision for disposal of assets at year end.		

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

Figures in Rand

2019

2018

### **39. Reconciliation between budget and annual financial statements (continued)**

Inventories losses (Amount as per budget schedule)	43 400	-
Transfer to Inventories losses	<u>43 400</u>	<u>-</u>
<b>Amount as per final approved budget</b>	<b>43 400</b>	<b>-</b>

Provision was made for Inventories losses at year end.

### **39.2 Statement of financial position**

Other debtors (Amount as per budget schedule)	34 694 595	-
VAT receivable	(112 000)	-
Receivable from non- exchange transactions	(74 000)	-
Other receivables from exchange transactions	<u>(34 508 595)</u>	<u>-</u>
<b>Amount as per final approved budget</b>	<b>-</b>	<b>-</b>

Other debtors were remapped to adhere to the standards of GRAP.

Trade and other payables from exchange transactions (Amount as per budget schedule)	16 633 000	-
Unspent conditional grants	(2 000 000)	-
<b>Amount as per final approved budget</b>	<b>14 633 000</b>	<b>-</b>

Unspent conditional grants was remapped from trade and other payables to adhere to the standards of GRAP

Unspent Conditional Grants (Amount as per budget schedule)	2 000 000	-
<b>Amount as per final approved budget</b>	<b>2 000 000</b>	<b>-</b>

Provisions (Amount as per budget schedule)	30 070 434	-
Employee benefit obligation	(30 056 434)	-
<b>Amount as per final approved budget</b>	<b>14 000</b>	<b>-</b>

Employee benefit obligation was remapped to adhere to the standards of GRAP.

### **39.3 Cashflow statement**

Suppliers and Employees (Amount as per budget schedule)	363 400 297	-
Employee cost	(198 297 075)	-
Suppliers	(161 916 167)	-
Remuneration to councillors	(12 458 055)	-
Transfers and Grants	9 271 000	-
<b>Amount as per final approved budget</b>	<b>-</b>	<b>-</b>

Employee cost, Suppliers, Remuneration to councillors and Transfers and grants was remapped to adhere to the standards of GRAP.

Employee cost (Amount as per budget schedule)	198 297 075	-
Employee cost	<u>198 297 075</u>	<u>-</u>
<b>Amount as per final approved budget</b>	<b>198 297 075</b>	<b>-</b>

Employee cost was remapped from Suppliers and Employees to adhere to the standards of GRAP.

Remuneration of councillors (Amount as per budget schedule)

**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand	2019	2018
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**39. Reconciliation between budget and annual financial statements (continued)**

Remuneration of councillors

12 458 055

**Amount as per final approved budget**

12 458 055

—

Remuneration of councillors was remapped from Suppliers and Employees to adhere to the standards of GRAP.

Transfers and grants (Amount as per budget schedule)

9 271 000

Transfers and grants

(9 271 000)

—

**Amount as per final approved budget**

—

—

Transfers and grants was remapped to Suppliers to adhere to the standards of GRAP.

**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand

2019                    2018

**40. Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005**

**40.1 Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b).**

2019	Total Value (Incl. VAT)	Emergency	Sole Supplier/ Agent	Impractical/ Impossible
July	2 379 106	-	-	15
August	309 888	-	5	20
September	919 257	-	3	33
October	711 386	-	8	37
November	401 193	-	2	27
December	1 952 189	-	5	23
January	103 763	-	-	15
February	143 632	-	2	13
March	88 417	-	1	12
April	94 277	-	2	8
May	328 879	-	5	6
June	509 645	-	7	26
	<b>7 941 632</b>		<b>40</b>	<b>236</b>
2018	Total Value (Incl. VAT)	Emergency	Sole Supplier/ Agent	Impractical/ Impossible
July	611 733	-	19	11
August	866 277	-	16	12
September	552 630	-	14	25
October	494 422	-	15	15
November	235 849	-	7	20
December	336 605	-	4	21
January	2 271 102	-	30	6
February	606 642	-	16	11
March	732 460	-	5	10
April	103 984	-	2	5
May	622 305	-	9	16
June	1 233 099	-	19	12
	<b>8 667 108</b>		<b>166</b>	<b>164</b>



The prior year comparative amount was restated during the 2018/2019 financial year. Details are included in prior period error note 31.

**40.2 Regulation 45 - Particulars of awards of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months. (Amounts disclosed include VAT)**

Supplier	Relationship	Name of Family Member	Name of Institution	Capacity	2019	2018
C Bar Landscaping Close Corporation	Cousin	E Niemand	Cape Winelands District Municipality	Senior Administrator: Quotations & Tenders	-	368 017,00
AE Human T/A Astra Catering	Child	L Burger	Cape Winelands District Municipality	Environmental Health Practitioner	5 445,00	315 210,00
AE Human Trading (Pty) Ltd	Child	L Burger	Cape Winelands District Municipality	Environmental Health Practitioner	208 601,00	
M & N Bekwerfwe Close Corporation	Brother/Sister	E Niemand	Cape Winelands District Municipality	Senior Administrator: Quotations & Tenders	30 653,72	71 861,00
America Builders	Child	V Africa	Cape Winelands District Municipality	Workshop Assistant-Robertson	15 450,00	25 850,00
Price Catering and Cleaning (Pty) Ltd	Child	C Price	Cape Winelands District Municipality	Student: Information & Communication Technology	204 320,00	38 810,00
NCC Environmental Services Proprietary Limited	Spouse	C Rhoda	City of Cape Town	Head of Invasive Species: Bloukrans Centre, West Lake	770 266,75	702 869,00
Massingham Trading 77 Close Corporation	Child	B Oxfilesh	Department of Agriculture	Snr Admin officer: Dept of Agriculture, Forestry & Fisheries	103 057,95	93 582,00
	Child	S Collehs	Western Cape Education Department	Teacher at Du Noon		
Gryde Enterprises Proprietary Limited	Child	G Brandon	City of Cape Town	Personal Assistant to Council Manager at City of Cape Town		1 000,00
SMEC South Africa Proprietary Limited	Spouse	Y Phosa	Department of Economic Development and Tourism	MEC : Economic Development	1 110 227,72	2 882 571,00
J Walters v/a J C Travel	Spouse	C Walters	Department of Education	Secretary at School	27 300,00	41 100,00
Piston Power Chemicals Close Corporation	Spouse	N Andree	Department of Education	Teacher	344 469,50	319 635,00
Robertson Shell Trust	Spouse	D B Augustyn	Department of Education	Teacher at Dagbreek Primary	80 847,72	82 878,00



Supplier	Relationship	Name of Family Member	Name of Institution	Capacity	2019	2018
Pietersen and Burns Investments t/a Kings Catering	Sister	T September	Department of Health	Ass.Director: Fin SCM: Admissions Info Management	18 490,85	-
Temmo's Shada Parts and Cleaning Services	Sister	T Lebesana	Transnet Port Terminals	Security	318 441,00	
Bms ICT Choice Proprietary Limited	Spouse	N Mequa	Department of Human Settlements	Director	167 525,02	166 086,00
Ajee Consultancy Close Corporation	Spouse	J Williams	SAPS	Captain	65 425,00	19 425,00
Baleni Consultancy Agencies (Pty) Ltd	Parent	N Mbouu	SAPS	Admin Clerk	30 000,00	-
Jah Guide Agriculture Proprietary Limited	Spouse	G Davids	SAPS	Sergeant	1 034 159,92	603 159,00
Ladybugs Innovative Marketing (Pty) Ltd	Spouse	RA Levendal	Department of Correctional Services	Environmental Health Practitioner	164 437,53	
	Spouse	Ahlichinger, HC	Special Investigating Unit	Legal Representative		
	Parent	Berry, CJ	City of Cape Town	Head: Finance		
	Parent	KA Blaauw	Western Cape Government Transport & Public Works	Chief Architect		
	Parent	Botha, T	Oudtshoorn Municipality	Technical Manager		
	Spouse	Erasmus, WZ	Cape Nature	Program Manager		
	Parent	Esterhuysen, HG	West Coast District Municipality	Senior Manager - Roads		
	Son	Goldenhuys, N	Transnet Port Terminals	Mechatronic Engineer		
	Sister	Goga, Y Dr	Nicos Albert Luthuli Hospital	Senior Specialist - Paediatric Haematology		
	Daughter	Govender, T	Umgani Water/Asset Management	Fleet Maintenance Administrator		
	Parent	Grobblekar, SM	Northern Cape Department of cooperative Governance	Town and Regional Planner		
	Brother	Harholdt, E	Limpopo Department of Economic Development Environment & Tourism	Manager		



Supplier	Relationship	Name of Family Member	Name of Institution	Capacity	2019	2018
Aurecon South Africa Proprietary Limited	Parent	Heyne, A	Stellenbosch Municipality	Assistant Superintendent		
	Spouse	Higge, JH	SARS	Regional Manager		
	Spouse	Hougaard, A	Department of Correctional Services	Principle Network controller		
	Spouse	Jacobs, J	Eastern Cape Department of Education	Personal Assistant to Chief Director		
	Parent	Kleynhans, B	Heezaqua Municipality	Accountant		
	Parent	Kriegler, BJ Cr	CWDM & Breede Valley Municipality	Councillor		
	Spouse	Marques, M	Department of Home Affairs	Deputy Director		
	Uncle	Mayekiso, D	Department of Local Government and Traditional Affairs	Official		
	Employee	Mayekiso, M	Buffalo City Metropolitan Municipality	Aurecon employee (resigned 31 December 2014)		
	Parent	Mehlala, RT	Eastern Cape Arts and Culture Council	Chief Executive Officer		
	Parent	Moore, AJ	Department of Water Affairs	Chief Engineer	88 300,63	
	Spouse	Naidoo K	National Department of Public Works	Director: Key Account Management		
	Spouse	Ntsebeza, D	Buffalo City Metropolitan Municipality	Official		
	Cousin	Ntsebeza, M	Inkatha Yethu Municipality	Official		



Supplier	Relationship	Name of Family Member	Name of Institution	Capacity	2019	2018
	Parent	Ntsebeza, NH	Eastern Cape Department of Health	Official		
	Spouse	O'Connell, SM	Sol Plaatje Municipality	Librarian		
	Spouse	PW Pensegraw	Draakstein Municipality	Senior Manager - Technical Services and Project Management		
	Parent	Pretorius, PS	Sol Plaatje Municipality	Chief Officer - Community Services		
	Spouse	R Reddy-Madusay	Development Bank SA	Project Preparation Specialist		
	Spouse	Riskert, JH	SA Reserve Bank	Engineering		
	Parent	Robertson, JM	Ekurhuleni Metropolitan Municipality	Roads Engineer		
	Sister	Seagars, S	City of Cape Town	Head of Security Architecture		
	Wife	Skead, M Dr	Nelson Mandela Bay Metropolitan University	Senior Manager - Staff Development		
	Parent	Tebane, R	Ekumuleni Metropolitan Municipality	Executive Manager		
	Spouse	Theron, J	Nelson Mandela Metropolitan University Business School	Head: Graduate School Relations		
	Spouse	Tradoux, J	Department of Water Affairs	Deputy Director - Accounts Payable		
	Father-in-Law	Van Rensburg, M	Eskom	Executive at Transmission Department		
	Father	Van Tiek, AN	Stellenbosch Municipality	Director - Water and Sewerage		
	Spouse	Venter, ZC	Eastern Cape Department of Health	Deputy Director - Employment Relations		
	Parent	Vermeulen, PG	City of Cape Town	Superintendent- Building Maintenance		
	Parent	Wilden, J	Correctional Services	Vice Director - Provincial		
	Spouse	Wolmarans, NS	IDC	Senior Accounts Manager		

2019 -11- 30

Supplier	Relationship	Name of Family Member	Name of Institution	Capacity	2019	2018
	Brother	David Moffatt	Department of Rural Development and Land Reform	Director: Spatial Planning & Land Use Management		
	Spouse	Alan Moon	City of Cape Town	Head: Business Continuity		
	Brother-in-Law	John Watson	National Treasury - Office of Accountant General	Director - Accounting Support and Reporting		
	Spouse	Sonniqa Cilliers	Department of Education	Teacher		
	Aunt	Fewzie Peer	Ethekwini Municipality	Deputy Mayor, Chair of Finance and Procurement		
	Spouse	Nokuthula Mkhize	National Department of Water Affairs and Forestry	Accounting Clerk		
	Mother	Imra Brink	Department of Education — Free State	Teacher		
	Spouse	Nkosinathi Mzayiya	Department of Correctional Services	Correctional Officer		
	Spouse	Jacqueline Goch	Department of Transport and Public Works	Head of Department		
	Spouse	Unathi Lekonyana	Department of National Treasury	Deputy Director - Grant Monitoring and Analysis		
	Parent	Douglas Kiewiet	Department of Water Affairs and Forestry	Area Manager (North)		
	Spouse	Rajiv Beharia	Eskom	Senior Engineer		
	Brother	Furansani Freeman Phidza	Economic Development	Director ICT		
	Brother	Rendani Phidza	Sports and Recreation	Senior Control Officer		
	Sister	Nokuzele Mandla	Eastern Cape Department of Human Settlements	Control Works Inspector		
	Spouse	Conrad Hering	Department of Transport and Public Works	Electrical Engineer		
	Sister-in-Law	Dolencina Davids	City of Cape Town	Admin Officer		
	Brother-in-Law	Hilton Davids	City of Cape Town	Admin Officer		



Supplier	Relationship	Name of Family Member	Name of Institution	Capacity	2016	2018
Gibb Proprietary Limited	Mother	Sandra Singh	Department of Education	Human Resource Officer	383 400,00	-
	Brother	Ian Bowker	Department of Asset Management and Maintenance in Transport	Head of Department		
	Spouse	Dianne Alderman	Eastern Cape Department of Education	Teacher		
	Aunt	F Strampe	SAPS	Chief Accounting Clerk		
	Spouse	Thando Gqobho	Ethekwini Municipality	Civil Engineering Technician		
	Husband	Danoven O'Reilly	SAPS	Warrant Officer		
	Spouse	Siyamthanda Jaftha	Eastern Cape Department of Transport	Assistant Manager - Asset Management		
	Spouse	Vuyokazi Slobesu	Ndlembe Municipality	PMU Manager		
	Spouse	Lizel Sophia Cloete	Department of Higher Education and Training	Lecturer		
	Cousin	Phumani Ngcamu	Ethekwini Municipality	Senior Civil Technician		
	Spouse	Londeni Mkhumbuzi	KwaDukuza Municipality	Senior Rates Clerk		
	Sister	Yvette Joubert	Western Cape Education Department	Teacher		
	Brother	Heinrich Rudiger Jaekolla	Department of Justice	Judge		
	Sister	Garda Yvette Magnus	Department of Higher Education and Training	Acting Deputy Director General		
	Sister	Thando Phidze	Eskom Rotaek Industries	Junior Service Engineer		
	Brother-in-Law	Herbert Humbulani Ntshikwana	Dept of Minerals Resource	Senior Inspector		
	Sister-in-Law	Tebogo Victoria Kabi	Eskom Generation	Senior Technician		
	Spouse	K Naidoo	Gauteng Department of Education	Head of Department Mathematics		

2019 -11- 30

Supplier	Relationship	Name of Family Member	Name of Institution	Capacity	2019	2018
	Brother	M B Haq	City Engineers	Architect/Town Planner	R 169 881,31	R 782 033,00

The prior year comparative amount was restated during the 2018/2019 financial year. Details are included in prior period error note 31.

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

Figures in Rand

2019

2018

#### 41. Provisions

##### Reconciliation of provisions - 2019

	Opening Balance	Additions	Utilised during the year	Total
Provision (Insurance claims)	21 620	13 471	(21 620)	13 471

##### Reconciliation of provisions - 2018

	Opening Balance	Additions	Utilised during the year	Total
Provision (Insurance claims)	79 564	21 620	(79 564)	21 620

The provision relates to insurance claims, which were not finalised at year end, but was finalised before the financial statements was authorised for issue.

#### 42. Transfers and subsidies

Fire services	250 000	250 000
Farmer households	3 068 655	3 896 688
Community and social services	2 251 000	1 882 798
Bursaries	81 281	1 713 760
Social relief	400 000	798 000
Tourism	2 376 000	1 700 000
Sport and recreation	2 996 847	3 254 278
	<b>11 423 783</b>	<b>13 495 524</b>

#### 43. Contracted services

<b>Outsourced Services</b>		
Alien Vegetation Control	2 342 260	2 142 382
Burial Services	9 000	13 500
Business and Advisory	2 487 478	4 242 058
Cleaning Services	439 330	426 076
Clearing and Grass Cutting Services	1 876 315	3 120 248
Hygiene Services	946 308	909 743
Professional Staff	1 616 973	1 325 218
Security Services	3 016 526	2 750 957
Translators, Scribes and Editors	438 613	367 828
<b>Consultants and Professional Services</b>		
Business and advisory	3 976 800	4 919 403
Infrastructure and planning	1 924 806	6 232 310
Laboratory services	1 601 585	1 711 143
Legal cost	158 984	38 221

#### Contractors

Artists and Performers	338 140	433 100
Audio-visual Services	35 600	41 194
Catering Services	2 021 176	2 207 427
Employee Wellness	173 850	226 501
First Aid	22 558	24 895
Fire Services	13 808 534	11 417 990
Gardening Services	48 896	78 651
Graphic Designers	16 235	-

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

Figures in Rand	2019	2018
<b>43. Contracted services (continued)</b>		
Maintenance of Buildings, Facilities, Equipment and Unspecified Assets	6 017 457	7 128 999
Pest Control and Fumigation	15 180	16 713
Photographer	5 050	12 650
Plants, Flowers and Other Decorations	39 367	351 640
Transportation	5 840	-
Stage and Sound Crew	101 650	147 687
Exhibit Installations	6 500	
	<b>43 484 511</b>	<b>50 293 034</b>

#### 44. Contingencies

##### 44.1 Contingent Liabilities

(i) 2019: The status of the delictual claim for damages in the amount of R451 000 remains the same as reported on the previous year. At pre-trial conference, it was decided that the matter is to be transferred from the High Court to the Magistrate's Court. This has the effect that the potential liability of the Municipality is reduced to approximately R100 000. The said process is currently pending.

*(2018: Delictual claim for damages in the amount of R451 000. At pre-trial conference, it was decided that the matter is to be transferred from the High Court to the Magistrate's Court. This has the effect that the potential liability of the Municipality is reduced to approximately R100 000. The said process is currently pending and remains the same as reported in the previous year.)*

(ii) 2019: The status of the claim is that the parties are currently awaiting a trial date. The insurance brokers of the municipality who are currently dealing with the matter: Mariska Cordy/Cape Winelands District Municipality/Stellenbosch Municipality states that that pre-trial proceeded and the matter was adjourned until 15 October 2018 to enable the parties to comply with the timetable set out in the agreed pre-trial minutes. The settlement per the summons issued amounts to R6 142 100. The plaintiff included the Cape Winelands District Municipality as the second of three defendants in this matter. The settlement amount is to be paid by the insurance company on behalf of the Municipality and it would be expected of the Municipality to only pay the excess amount which has not been determined as yet. It is not yet practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.

*(2018: The insurance brokers of the municipality who are currently dealing with the matter: Mariska Cordy/Cape Winelands District Municipality/Stellenbosch Municipality states that that pre-trial proceeded and the matter was adjourned until 15 October 2018 to enable the parties to comply with the timetable set out in the agreed pre-trial minutes. The settlement per the summons issued amounts to R6 142 100. The plaintiff included the Cape Winelands District Municipality as the second of three defendants in this matter. The settlement amount is to be paid by the insurance company on behalf of the Municipality and it would be expected of the Municipality to only pay the excess amount which has not been determined as yet. It is not yet practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.)*

(iii) 2019: The status of the claim remains the same as reported on in the previous year. Specifically that on 22 January 2018 a Combined Summons was issued by the High Court of South Africa under Case No 728/18 in terms of which the trustees of the Fransie Conrade Trust (the plaintiffs) instituted action against the trustees of the Thera Trust (the defendants) for the damages suffered in the amount of R2 371 525,07 as a result of a fire that started on the property of Thera Trust and which allegedly spread to the property of the Fransie Conrade Trust. On 18 May 2018 a Third Party Notice was served on the District Municipality, in terms of which the Cape Winelands District Municipality was joint as a third party by the defendants (Thera Trust) who avers that the District Municipality is a joint wrongdoer with Thera Trust (the defendant) in that the District Municipality was negligent and that such negligence caused or contributed to the damages suffered by the plaintiff. The matter was reported to the District Municipality's insurers and a fire incident report was accordingly provided, where after a Notice of Intention to Defend was entered. The file is currently pending as the plaintiff's attorney has not taken any further action. In view of the aforementioned, it is clear that it is not possible at this stage to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

Figures in Rand

2019

2018

### 44. Contingencies (continued)

(2018: On 22 January 2018 a Combined Summons was issued by the High Court of South Africa under Case No 728/18 in terms of which the trustees of the Fransie Conrade Trust (the plaintiffs) instituted action against the trustees of the Thera Trust (the defendants) for the damages suffered in the amount of R2 371 525,07 as a result of a fire that started on the property of Thera Trust and which allegedly spread to the property of the Fransie Conrade Trust. On 18 May 2018 a Third Party Notice was served on the District Municipality, in terms of which the Cape Winelands District Municipality was joint as a third party by the defendants (Thera Trust) who avers that the District Municipality is a joint wrongdoer with Thera Trust (the defendant) in that the District Municipality was negligent and that such negligence caused or contributed to the damages suffered by the plaintiff. The matter was reported to the District Municipality's insurers and a fire incident report was accordingly provided, where after a Notice of Intention to Defend was entered. The relief that the defendants' (Thera Trust) are seeking, is as follows: (a) that the District Municipality be held liable for a contribution to the defendant in respect of the damages, (b) that the court make an order declaring a respective degree of fault of the Third Party in relation to the said damages, (c) an order fixing the amount which the Third Party is obliged to contribute towards any damages payable by the defendants. In view of the aforementioned, it is clear that it is not possible at this stage to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.)

(iv) 2019: On 15 February 2019 a Combined Summons was issued by the Magistrates Court for the District of Tulbach under Case No 18/2019 in terms of which HR de Waal (the plaintiffs) instituted action against the Cape Winelands District Municipality for damages suffered to the amount of R24 802,19 as a result of a motor vehicle collision that was driven an employee of the Cape Winelands District Municipality on 27 November 2017. The matter was reported to the District Municipality's insurers and they appointed a legal firm to defend the case. The relief the plaintiff are seeking is as follows: (a) that the District Municipality be held liable for the damages to the amount of R24 802,19, (b) interest on the aforesaid amount at the prescribed interest rate per annum from the date of the demand to the date of payment, (c) costs of suit.

(v) 2019: The Municipality is still waiting on the outcome of 2 public liability claims, 14 third party accident claims and 2 insurance claims that were handed over to the state attorneys and / or the Municipality's insurance brokers. It is not practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence the disclosure of the value is not possible.

(2018: The Municipality is still waiting on the outcome of 2 public liability claims and 14 third party accident claims that were handed over to the state attorneys and / or the Municipality's insurance brokers. It is not practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence the disclosure of the value is not possible.)

#### 44.2 Contingent assets

(i) 2019: The Municipality is still awaiting the outcome of 5 insurance claims that were not concluded at 30 June 2019. The claims are not specific to the 2018/2019 financial year.

(2018: The Municipality is still awaiting the outcome of 5 insurance claims that were not concluded at 30 June 2018. The claims are not specific to the 2017/2018 financial year.)

It is not practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence the disclosure of the value is not possible.



**Cape Winelands District Municipality**  
 Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand	2019	2018
<b>45. Related parties</b>		
The following related parties exist:		
National Treasury		
Provincial Government Western Cape		
National Department of Environmental Affairs		
Stellenbosch Municipality		
Drakenstein Municipality		
Breede Valley Municipality		
Langeberg Municipality		
Witzenberg Municipality		
Municipal Manager (M. Mgajo)	Term ended 02/08/2017	
Municipal Manager (H.F. Prins)	Appointed 01/12/2017	
Chief Financial Officer (F.A. Du Raan-Groenewald)		
Executive Director: Community Development and Planning Services (C.V. Schroeder)		
Executive Director: Technical Services (F.A. van Eck)		
Ald (Dr) H. von Schlicht (Executive Mayor)		
Cllr C. Meyer (Speaker)		
Cllr D. Swart (Deputy Executive Mayor)	Appointed 14/05/2018	
Cllr Z.L. Masoka		
Cllr G.J. Carinus		
Cllr J.D.F. van Zyl		
Cllr J.J. du Plessis		
Cllr L.W. Niehaus		
Cllr A. Florence		
Cllr P.C. Ramokhabhi		
Cllr L. Landu		
Cllr M.M. Adriaanse	Resigned 10/09/2018	
Cllr R.B. Arnolds	Resigned 02/04/2018	
Cllr W.M. Blom		
Cllr A. Crombie		
Cllr C. Damens		
Cllr P. Daniels		
Cllr R. du Toit		
Cllr G.J. Fredericks		
Cllr E. Gouws	Resigned 10/06/2018	
Cllr P. Hess		
Cllr X. Kalipa		
Cllr M.T. Klaas		
Cllr N.S. Louw	Resigned 25/07/2018	
Cllr S.S. Magqazana		
Cllr P. Marran	Resigned 14/05/2019	
Cllr E.S.C. Matjan		
Cllr J.S. Mouton		
Cllr R.S. Nalumango		
Cllr B.B. Ntshingila		
Cllr E. Qhankqiso		
Cllr S.C. Rens		
Cllr L.S. Sambokwe		
Ald J.W. Schuurman		
Cllr A.J. Shibili		
Cllr L.N. Siwakamisa		
Cllr D.R.A. Snyders		
Cllr C. Steyn		
Cllr N. Tetena		
Cllr J.J. van Rooyen		
Cllr W. Vrolick		
Cllr C.F. Wilskut		
Cllr D.D. Joubert	Appointed 31/08/2018	
Cllr J. Smit	Appointed 02/10/2018	
Cllr N.D. Sauerman	Appointed 03/10/2018	

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

Figures in Rand

2019

2018

#### **45. Related parties (continued)**

The salaries and remuneration of key management and councillors are disclosed in notes 24 & 25 of the Annual Financial Statements.

The Provincial Government Western Cape (Department of Transport and Public Works) provide the necessary funds to the Municipality to maintain, repair, protect and manage the proclaimed Provincial Roads in the area of the Municipality. A functional organisational structure, staff establishment and cost of employment is agreed to by both parties and funds are made available to maintain the approved organogram; hence partly utilised to fund the Municipality's employee costs in respect of the execution of the Roads Function.

The Provincial Government Western Cape supply the Municipality with the necessary plant and equipment (yellow fleet and equipment) in order to render the Roads function. The Municipality utilises the said fleet and equipment at no cost however, cost incurred relates to maintenance and fuel.

The Municipality utilised facilities provided by the local municipalities within the Cape Winelands District during the financial year for various programmes and events hosted by the different departments.

#### **Related party transactions**

Western Cape Investment and Trade Promotion Agency (WESGRO) is a public entity as envisaged in the PFMA, and is managed by a Board of Directors appointed by Executive Authority. WESGRO is the Official Tourism, Trade & Investment Promotion Agency for Cape Town and the Western Cape. The Executive Mayor, Ald (Dr) H Von Schlicht, serve as a WESGRO Board member. The CWDM made payments to WESGRO for the Indaba Tourism Expo, World Travel Market Africa event, Meetings Africa, Educational and Media Educational.

The ACVV is a non-profit organisation in the social services field. The ACVV consists of a National Council & Head Office, 115 branches in 4 provinces affiliated to ACVV National Council and 220 service programs across 5 service focus areas. The Executive Mayor, Ald (Dr) H Von Schlicht, is on the Executive Management of the organisation as well as involved at ACVV Wellington. The CWDM made transfers to ACVV Robertson, Utopia and Sonskyn Dienssentrum in respect of the Municipality's Community Support project.

#### **WESGRO**

Payments for participation and attending Meetings Africa	50 000	-
Payments for shared exhibitor costs of the Indaba Tourism Expo	200 000	150 500
Payments for floorspace and furniture for the World Travel Market Africa	150 000	199 989
Event		
Payments for educational and media educational	30 000	24 000
	<hr/> <b>430 000</b>	<hr/> <b>374 489</b>

#### **ACVV**

Payments for Community Support project	12 500	24 000
	<hr/>	<hr/>

#### **46. Change in estimate**

#### **Property, plant and equipment**

The prior year accounting estimates relating to the estimated useful lives of furniture and fittings, office equipment, plant and equipment and other plant and equipment were evaluated during the 2018/2019 financial year and the changes in estimates were implemented on 01 July 2018. This led to a change in the depreciation for the 2018/2019 financial year from the 2017/2018 financial year. The amount of the depreciation, had the change in accounting estimate not been effected, the effect of the change in accounting estimate on depreciation for the 2018/2019 financial year as well as the amended depreciation are as follows

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

Figures in Rand	2019	2018	
<b>46. Change in estimate (continued)</b>			
<b>Asset type description</b>			
	Total of depreciation on assets for 2018-19 had no change been effected:	Total new depreciation for 2018-19 after the change was affected:	Difference: Increase/ (decrease) in depreciation
Furniture and fittings	(2 051)	11 734	9 683
Office equipment	(108 438)	358 257	249 819
Other plant and equipment	(4 158)	4 343	185
Plant and equipment	(3 378)	16 263	12 885
	<b>(118 025)</b>	<b>390 597</b>	<b>272 572</b>
<b>Furniture and fittings</b>			
Change in depreciation for 2018-19	9 683	-	
Change in accumulated depreciation for 2018-19	(9 683)	-	
	<hr/>	<hr/>	
<b>Office Equipment</b>			
Change in depreciation for 2018-19	249 819	-	
Change in accumulated depreciation for 2018-19	(249 819)	-	
	<hr/>	<hr/>	
<b>Other Plant and equipment</b>			
Change in depreciation for 2018-19	185	-	
Change in accumulated depreciation for 2018-19	(185)	-	
	<hr/>	<hr/>	
<b>Plant and equipment</b>			
Change in depreciation for 2018-19	12 884	-	
Change in accumulated depreciation for 2018-19	(12 884)	-	
	<hr/>	<hr/>	

The effect of the change in estimate led to an decrease in depreciation of furniture and fittings of R 9 683.28, decrease in depreciation of Office equipment of R 249 819.20, decrease in depreciation of Other Plant and equipment of R 185.05 and a decrease in depreciation of Plant and Equipment of R 12 884.39 for the future years.

#### 47. Actual operating expenditure versus budgeted operating expenditure

According to the Accounting Policy, explanations should be provided in cases where the difference between the Adjustments Budget and the Actual Expenditure exceeds 10%.

##### 47.1 Statement of Financial Position

###### Assets

###### Current Assets

###### Inventories

The provision for inventories was based on past trends which was higher than expected.

###### Other receivables from exchange transactions

The material difference between the actual and the budget is due to the fact that the municipality anticipated interest rates to increase which would have increase the accrued interest amount disclosed.



## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

Figures in Rand

#### 47. Actual operating expenditure versus budgeted operating expenditure (continued)

##### Receivables from non- exchange transactions

Variance is less than 10%, no reason required.

##### Vat receivable

Variance is less than 10%, no reason required.

##### Employee benefit asset

Variance is less than 10%, no reason required

##### Cash and Cash Equivalents

Variance is less than 10%, no reason required.

##### Trade receivables from exchange transactions

Due to the high percentage of under collection in the past the municipality decreased the budget to ensure that the revenue is not overstated in the budget.

##### Cash and Cash Equivalents

Variance is less than 10%, no reason required.

##### Non-Current Assets

###### Property, plant and equipment

Variance is less than 10%, no reason required.

###### Intangible assets

The variance is due to savings as a result of input VAT as well as the prior period error, were intangibles assets hould have been disposed.

###### Employee benefit asset

The calculation that is made for the Future Medical Aid Liability, Ex Gratia Pension and Long Service Bonus is calculated by actuaries and the budget estimation is brought in line therewith. However, the revised estimation is only done at year end.

##### Liabilities

###### Current Liabilities

###### Payables from exchange transactions

The variance is due to the expectation that the Department of Transport and Public Works transfers huge amount of funds in April as an advance for claims submitted.

###### Employee benefit obligation

The calculation that is made for the Future Medical Aid Liability, Ex Gratia Pension and Long Service Bonus is calculated by actuaries and the budget estimation is brought in line therewith. However, the revised estimation is only done at year end.

###### Unspent conditional grants and receipts

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements

Figures in Rand

### 47. Actual operating expenditure versus budgeted operating expenditure (continued)

The outcome of the roll-over request for grant funding was only finalised in the latter part of the year and therefore it was impossible to timeously finalised the relevant Supply Chain Management processes by 30 June 2019. Non-responsive bids also added to the underspending as well as grants received in last quarter of the financial year which made project implementation not possible.

#### Provisions

The variance relates to insurance claims that were finalised after the reporting date but prior to the date when the financial statements were authorised for issue. No budget appropriation has been made during the relevant budget processes.

#### Non-Current Liabilities

##### Employee Benefits

The calculation that is made for the Future Medical Aid Liability, Ex Gratia Pension and Long Service Bonus is calculated by actuaries and the budget estimation is brought in line therewith. However, the revised estimation is only done at year end.

##### Net Assets

###### Accumulated surplus

Less than 10%. No reason required.

###### 47.2 Statement of Financial Performance

###### Revenue from exchange transactions

###### Service charges

Less than 10%. No reason required.

###### Rental of facilities and equipment

Less than 10%. No reason required.

###### Agency services

A substantial amount was allocated to recover the Employee Benefit Asset in respect of the Post Employment Medical Aid for the Roads Function. Due to the overlap in financial years, the relevant allocation was made in the fourth quarter of the financial year.

###### Other income

Less than 10%. No reason required.

###### Interest received - investment

Variance is less than 10%, no reason required.

###### Revenue from non-exchange transactions

###### Transfer revenue

###### Government grants and subsidies



## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

Figures in Rand

#### 47. Actual operating expenditure versus budgeted operating expenditure (continued)

Variance is less than 10%, no reason required.

##### Expenditure

###### Employee related costs

The calculation of the employee benefit asset amount had an effect on the employee related cost as the amount credited against the service and interest cost lower than expected.

###### Remuneration of councillors

Variance is less than 10%, no reason required.

###### Depreciation and amortisation

The under expenditure on teh capital budget led to the under expenditure of depreciation.

###### Debt impairment

Variance is less than 10%, no reason required.

###### Lease rentals on operating lease

Variance is less than 10%, no reason required.

###### Bad debt written off

The municipality did not wrote off any debt in the 2018/2019 financial year. The contract of the debt collection agency ended in June 2019 and the municipality would first like to engage with the new service provider before a recommendation to write off debt is made to council.

###### Contracted services

Various projects relating to integrated public transport, sidewalks and embayments, building maintenance, asset maturity assessment and other reflect a saving at year end. The municipality were also allocated grants late in the 2018/2019 financial year from Provincial Government which could not be spend before year end. VAT claimed on contracted services further added to this underspending.

###### Transfers and subsidies

Variance is less than 10%, no reason required.

###### General expenses

The underspending is due to various information technology communication operational expenditure, human resource management programs. A relatively large saving occurred with municipal accounts due to the fact that an increase in electricity and water was lower than expected.

###### Loss on disposal of assets and liabilities

Variance is less than 10%, no reason required.

###### Inventories losses / write downs

Variance is less than 10%, no reason required.

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

Figures in Rand

#### 47. Actual operating expenditure versus budgeted operating expenditure (continued)

##### 47.3 Cash Flow Statement

###### Sale of goods and services

Refer to reason provided above for the Statement of financial performance.

###### Grants

Variance is less than 10%, no reason required.

###### Interest income

The provision for accrued interest was taken into account with the budget process. The expected interest rate was higher than expected.

###### Employee cost

Variance is less than 10%, no reason required.

###### Suppliers

Variance is less than 10%, no reason required.

###### Other payments: remuneration to councillors

Variance is less than 10%, no reason required.

###### Purchase of property, plant and equipment

The variance exist due to the fact that items was acquired much less than budgeted for. The fact that the municipality does not have a large capital budget these items had a huge influence on the percentage expenditure

###### Proceeds from sale of property, plant and equipment

At the time that the final budget is approved it is not known which assets will be disposed at year end.

###### Purchase of other intangible assets

The municipality did not budget for the acquisition of intangible assets. The assets classified as intangible assets was budgeted for under property, plant and equipment.

#### 48. Capital commitments

##### Approved and contracted for

Property, plant and equipment (Buildings)

= 461 681

##### Total capital commitments

- 461 681

The municipality did not have any capital commitments at 30 June 2018. The capital commitments for the 2017/2018 financial year relates to the upgrading of personnel quarters (T2017/046), at the Stellenbosch Fire Station.

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

Figures in Rand

#### 49. Events after reporting date

Events were identified subsequent to the reporting date but prior to the date when the financial statements were authorised for issue that had an adjusting effect on other receivables from exchange transactions and provisions. The adjustment amounts were included in other receivables from exchange transactions (note 4) and provisions (note 41). The additional amount included in the note to other receivables from exchange transactions relating to the adjusting event amounted to R213 413 (2017: R5 825). The additional amount included in the note to provisions relating to the adjusting event amounted to R (2017: R21 620).

On the 29 August 2019 the Council approved (item C.15.1) the draft Settlement Agreement in terms of which Mr. C.V. Schroeder will resign on 31 August 2019 and an all-inclusive settlement amount of R829,118.62 (eight hundred and twenty-nine thousand, one hundred and eighteen rand and sixty-two cent), that consists of six (6) months' salary be paid to Mr. Schroeder, subject to the tax directive and less all statutory deductions.

**Annexure A**

DC2 Cape Winelands DM - Reconciliation of Table A1 Budget Summary

Description R thousands	2018/19								2017/18			
	Original Budget (Lto. MFMA v28 )	Budget Adjustments (Lto. MFMA v28 )	Final adjustments budget	Actual Outcome	Unauthorized expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorized expenditure	Expenditure authorised in terms of section 52 of MFMA	Balance to be recovered	Restated Audited Outcome
		1	2	3	4	5	6	7	8	9	10	12
<b>Financial Performance</b>												
Property rates	-	-	-	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-	-	-	-
Investment revenue	51 850	3 396	55 246	54 294	-	(852)	98,0%	104,7%	-	-	-	-
Transfers received - operational	233 097	2 826	236 023	231 859	-	(4 034)	98,3%	99,5%	-	-	-	-
Other own revenue	122 478	21 283	143 761	112 326	-	(31 435)	78,1%	91,7%	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	407 425	27 404	435 029	398 959	-	(36 421)	91,8%	97,0%	-	-	-	-
Employee costs	212 705	1 065	213 772	179 039	-	(24 733)	83,8%	84,2%	-	-	-	-
Remuneration of councillors	11 746	-	12 458	12 171	-	(287)	97,7%	103,6%	-	-	-	-
Debt impairment	5 571	(4 504)	1 068	56	-	(1 011)	5,2%	1,0%	-	-	-	-
Depreciation & asset impairment	50 090	3 085	13 095	11 759	-	(1 337)	89,0%	117,6%	-	-	-	-
Finance charges	8	(8)	-	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	17 089	13 270	31 269	28 282	-	(2 987)	80,4%	167,1%	-	-	-	-
Transfers and grants	9 271	3 155	13 426	11 424	-	(1 003)	81,3%	123,2%	-	-	-	-
Other expenditure	137 778	11 210	148 987	105 003	-	(43 984)	70,5%	78,2%	-	-	-	-
Total Expenditure	405 877	28 057	433 064	347 753	-	(85 351)	80,5%	85,0%	-	-	-	-
Surplus/(Deficit)	2 348	(493)	1 946	50 876	-	48 931	2615,3%	2166,7%	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-	-	-
Balplus/(Deficit) after capital transfers & contributions	2 348	(493)	1 946	50 876	-	48 931	2615,3%	2166,7%	-	-	-	-
Share of surplus/ (deficit) of associates	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	2 348	(493)	1 946	50 876	-	48 931	2615,3%	2166,7%	-	-	-	-
<b>Capital expenditure &amp; funds sources</b>												
<b>Capital expenditure</b>												
Transfers recognised - capital	2 348	(493)	1 946	1 152	-	(202)	84,9%	70,3%	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	29 133	(14 265)	14 868	12 598	-	(2 271)	84,7%	43,2%	-	-	-	-
Total sources of capital funds	31 481	(14 265)	16 613	14 248	-	(2 565)	84,7%	45,3%	-	-	-	-
<b>Cash flows</b>												
Net cash from (used) operating	29 959	11 309	41 355	54 305	-	12 847	131,3%	181,3%	-	-	-	-
Net cash from (used) investing	(31 481)	14 468	(16 813)	(14 049)	-	2 764	85,0%	44,6%	-	-	-	-
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	188 686	28 057	640 578	858 288	-	15 711	162,5%	111,1%	-	-	-	-



DC2 Cape Winelands DM - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	Original Budget	Budget Adjustments (I.C., MFAA &c)	Final adjusted budget	2018/19			2017/18			Reported uncollected expenditure	Expenditure authorized in terms of section 32 of LFAA	Balance to be recovered	Revised Audited Outcome
				Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	#				
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	
<b>Revenue - Standard</b>													
Government and administration	279 627	16 346	296 276	262 723		(3 546)	90.7%	100.0%					-
Executive and council	54 247	17 059	71 346	70 381		(956)	98.6%	129.7%					
Budget and treasury office	224 788	669	225 358	224 561		(898)	99.7%	99.6%					
Corporate services	892	681	1 573	830		(843)	43.9%	77.4%					
Community and public safety	9 304	1 380	6 687	6 643		(3 604)	83.4%	104.6%					
Community and social services	74	(74)	-	78		78	100.0%	105.0%					
Sport and recreation	-	-	-	-		-	-	-					
Public safety	200	936	1 136	136		(1 000)	12.0%	68.0%					
Housing	4 780	327	5 107	4 755		(352)	83.1%	89.5%					
Health	250	114	364	675		211	167.9%	229.8%					
Economic and environmental services	132 145	7 683	150 000	111 941		(19 059)	86.4%	86.0%					
Planning and development	377	(377)	-	-		-	-	-					
Road transport	117 418	12 656	130 074	111 061		(19 037)	85.4%	94.6%					
Environmental protection	4 355	(4 305)	-	-		-	-	-					
Trading services	-	-	-	-		-	-	-					
Electricity	-	-	-	-		-	-	-					
Water	-	-	-	-		-	-	-					
Waste water management	-	-	-	-		-	-	-					
Waste management	-	-	-	-		-	-	-					
Other	88	-	55	41		(5)	82.5%	82.8%					
<b>Total Revenue - Standard</b>	<b>467 426</b>	<b>27 864</b>	<b>495 020</b>	<b>412 378</b>		<b>(21 642)</b>	<b>84.8%</b>	<b>101.2%</b>					
<b>Expenditure - Standard</b>													
Government and administration	148 321	678	148 999	107 686	(46 121)	(56 121)	72.9%	74.1%					
Executive and council	43 866	(4 950)	49 016	20 880	(17 000)	(17 000)	51.1%	47.8%					
Budget and treasury office	23 839	4 413	27 946	28 060	(4 886)	(4 886)	82.5%	98.0%					
Corporate services	78 181	1 168	79 349	83 778	(15 671)	(15 671)	80.4%	81.0%					
Community and public safety	108 408	8 387	100 000	123 077	(8 992)	(8 992)	83.3%	87.2%					
Community and social services	15 085	555	13 742	12 791	(650)	(650)	92.6%	97.4%					
Sport and recreation	-	-	-	-		-	-	-					
Public safety	61 978	4 795	66 774	63 746	(3 029)	(3 029)	95.5%	102.2%					
Housing	13 197	(864)	12 213	10 716	(1 497)	(1 497)	87.7%	81.2%					
Health	37 234	832	36 165	34 864	(3 303)	(3 303)	81.3%	93.0%					
Economic and environmental services	127 996	21 478	148 468	124 866	(23 837)	(23 837)	84.1%	98.4%					
Planning and development	11 122	(657)	10 265	9 023	(1 242)	(1 242)	87.9%	81.1%					
Road transport	111 855	26 279	138 134	115 838	(22 294)	(22 294)	83.8%	103.8%					
Environmental protection	4 031	(3 844)	87	87	(1)	(1)	89.0%	2.2%					
Trading services	-	-	-	-		-	-	-					
Electricity	-	-	-	-		-	-	-					
Water	-	-	-	-		-	-	-					
Waste water management	-	-	-	-		-	-	-					
Waste management	-	-	-	-		-	-	-					
Other	7340	451	7 003	4 700	(1 307)	(1 307)	88.6%	98.0%					
<b>Total Expenditure - Standard</b>	<b>406 677</b>	<b>20 667</b>	<b>439 004</b>	<b>361 602</b>	<b>(78 402)</b>	<b>(71 602)</b>	<b>83.6%</b>	<b>86.2%</b>					
<b>Surplus/(Deficit) for the year</b>	<b>2340</b>	<b>(469)</b>	<b>1 864</b>	<b>50 376</b>	<b>(48 221)</b>	<b>(48 221)</b>	<b>5010.2%</b>	<b>216.0%</b>					



DC2 Cape Winelands DM - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2018/19								2017/18			
	Original Budget	Budget Adjustments (±Lo. MFMA ±20)	Final adjustments budget	Actual Outcome	Unauthorized expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorized expenditure	Expenditure authorized in terms of section 32 of MFMA	Balance to be recovered	Revised Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue by Vote</b>												
Vote 1 - REGIONAL DEVELOPMENT AND PLAN	4 782	(4 782)	50	41		(9)	82,8%	0,0%				
Vote 2 - COMM AND DEV	450	1 050	1 508	711		(789)	47,4%	157,9%				
Vote 3 - ENGINEERING	5 615	1 152	6 567	5 731		(1 236)	82,3%	98,9%				
Vote 4 - RURAL AND SOCIAL	74	(74)	-	78		78	100,0%	105,3%				
Vote 5 - OFFICE OF THE MM	-	200	200	-		(200)	-	-				
Vote 6 - FINANCIAL SERVICES	224 788	688	225 356	224 681		(685)	98,7%	98,9%				
Vote 7 - CORPORATE SERVICES	65 004	17 463	72 467	70 810		(1 650)	97,7%	128,7%				
Vote 8 - ROADS AGENCY	118 613	11 977	128 490	110 345		(18 145)	85,9%	94,7%				
Vote 9 - TASK	-	-	-	-		-	-	-				
Vote 10 - HEALTH AGENCY	-	-	-	-		-	-	-				
Vote 11 - CORPORATE SERVICES	-	-	-	-		-	-	-				
Example 12 - Vote12	-	-	-	-		-	-	-				
Example 13 - Vote13	-	-	-	-		-	-	-				
Example 14 - Vote14	-	-	-	-		-	-	-				
Example 15 - Vote15	-	-	-	-		-	-	-				
<b>Total Revenue by Vote</b>	407 425	27 604	435 929	412 379		(22 632)	94,8%	101,2%				
<b>Expenditure by Vote to be appropriated</b>												
Vote 1 - REGIONAL DEVELOPMENT AND PLAN	22 403	(4 247)	18 245	15 897		(2 349)	87,1%	70,7%				
Vote 2 - COMM AND DEV	69 213	5 728	104 941	98 828		(5 332)	94,0%	98,4%				
Vote 3 - ENGINEERING	46 390	(1 840)	44 450	33 288		(11 151)	74,9%	71,9%				
Vote 4 - RURAL AND SOCIAL	13 089	683	13 742	12 761		(980)	92,8%	87,4%				
Vote 5 - OFFICE OF THE MM	16 728	2 676	12 604	10 593		(2 212)	82,7%	98,9%				
Vote 6 - FINANCIAL SERVICES	23 533	4 413	27 946	23 699		(4 665)	82,5%	98,0%				
Vote 7 - CORPORATE SERVICES	81 182	(5 140)	76 022	51 286		(24 734)	67,9%	63,2%				
Vote 8 - ROADS AGENCY	101 637	26 593	128 236	110 012		(18 218)	85,8%	100,2%				
Vote 9 - TASK	-	-	-	-		-	-	-				
Vote 10 - HEALTH AGENCY	-	-	-	-		-	-	-				
Vote 11 - CORPORATE SERVICES	6 835	(138)	5 705	5 903		(712)	89,4%	87,7%				
Example 12 - Vote12	-	-	-	-		-	-	-				
Example 13 - Vote13	-	-	-	-		-	-	-				
Example 14 - Vote14	-	-	-	-		-	-	-				
Example 15 - Vote15	-	-	-	-		-	-	-				
<b>Total Expenditure by Vote</b>	405 077	28 007	433 964	381 602		(71 622)	83,5%	89,2%				
<b>Surplus/(Deficit) for the year</b>	2 348	(403)	1 845	50 876		40 691	2815,3%	2168,7%				

DC2 Cape Winelands DM - Recomputation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2016/17						2017/18				
	Original Budget	Budget Adjustments (i.e. MFMA c20)	Final adjustments Budget	Actual Outcome	Unauthorized expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorized in terms of section 32 of MFMA	Restated Actual Outcome
	1	2	3	4	5	6	7	8	9	10	12
<b>Revenue by Source</b>											
Property rates	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	-
Service charges - other	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	151	117	248	248	-	(9)	100,0%	188,6%	-	-	-
Interest earned - external investments	51 159	3 396	55 245	54 294	-	(952)	95,3%	104,7%	-	-	-
Interest earned - outstanding debts	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	250	114	394	578	-	211	157,9%	229,8%	-	-	-
Agency services	120 769	7 622	128 390	108 855	-	(19 837)	64,5%	88,9%	-	-	-
Transfers recognized - operational	238 057	2 938	239 025	231 985	-	(4 039)	96,3%	98,8%	-	-	-
Other revenue	1 330	13 420	14 769	2 951	-	(11 820)	20,0%	22,0%	-	-	-
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>497 425</b>	<b>27 654</b>	<b>485 025</b>	<b>386 809</b>	<b>-</b>	<b>(98 421)</b>	<b>81,6%</b>	<b>87,8%</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditure by Type</b>											
Employee related costs	212 705	1 068	213 772	179 039	-	(34 733)	88,8%	84,2%	-	-	-
Remuneration of councillors	11 746	712	12 458	12 171	-	(287)	97,7%	123,8%	-	-	-
Debt Impairment	5 571	(4 624)	1 055	56	-	(1 011)	5,2%	1,0%	-	-	-
Depreciation & asset impairment	10 000	3 095	13 095	11 755	-	(1 337)	88,8%	117,8%	-	-	-
Finance charges	8	(8)	-	-	-	-	-	-	-	-	-
Bulk purchases	-	-	-	-	-	-	-	-	-	-	-
Other materials	17 699	13 270	31 269	28 262	-	(2 807)	90,4%	157,1%	-	-	-
Contracted services	67 308	(8 128)	59 090	48 485	-	(14 585)	74,9%	84,7%	-	-	-
Transfers and grants	8 271	3 165	12 425	11 424	-	(1 003)	91,9%	123,2%	-	-	-
Other expenditure	70 652	19 435	89 985	60 537	-	(29 351)	67,4%	65,9%	-	-	-
Loss on disposal of PPE	20	908	228	261	-	(47)	95,0%	144,7%	-	-	-
<b>Total Expenditure</b>	<b>495 077</b>	<b>26 807</b>	<b>439 894</b>	<b>347 733</b>	<b>-</b>	<b>(88 881)</b>	<b>93,3%</b>	<b>95,8%</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(Deficit)</b>											
Transfers recognised - capital	2 340	(403)	1 945	50 879	-	48 891	2918,3%	2198,7%	-	-	-
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>2 340</b>	<b>(403)</b>	<b>1 945</b>	<b>50 879</b>	<b>-</b>	<b>48 891</b>	<b>2918,3%</b>	<b>2198,7%</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfer	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after transfer</b>	<b>2 340</b>	<b>(403)</b>	<b>1 945</b>	<b>50 879</b>	<b>-</b>	<b>48 891</b>	<b>2918,3%</b>	<b>2198,7%</b>	<b>-</b>	<b>-</b>	<b>-</b>
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>2 340</b>	<b>(403)</b>	<b>1 945</b>	<b>50 879</b>	<b>-</b>	<b>48 891</b>	<b>2918,3%</b>	<b>2198,7%</b>	<b>-</b>	<b>-</b>	<b>-</b>
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>2 340</b>	<b>(403)</b>	<b>1 945</b>	<b>50 879</b>	<b>-</b>	<b>48 891</b>	<b>2918,3%</b>	<b>2198,7%</b>	<b>-</b>	<b>-</b>	<b>-</b>



DC2 Cape Winelands DM - Reconciliation of Table A5 Disbursed Capital Expenditure by vote, standard classification and funding

Vote Description	2018/19								2017/18			
	Original Budget	Total Budget Adjustments (Ex. MOPA CIV)	Fiscal Adjustment Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Fiscal Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Reported expenditure in terms of section 32 of MOPA	Balance to be recovered	Revised Actual Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Current expenditure - Vots</b>												
<b>Non-current assets - Vots</b>												
<b>Vote 1 - REGIONAL DEVELOPMENT AND PLAN</b>	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - CULTURE AND DEV	11 431	(11 431)	-	-	-	-	-	-	-	-	-	-
Vote 3 - HUMAN RESOURCES	7 785	(7 785)	-	-	-	-	-	-	-	-	-	-
Vote 4 - RURAL AND SOCIAL	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - OFFICE OF THE MM	209	(209)	-	-	-	-	-	-	-	-	-	-
Vote 6 - FINANCIAL SERVICES	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - CORPORATE SERVICES	11	(11)	-	-	-	-	-	-	-	-	-	-
Vote 8 - POLICE AGENCY	763	(763)	-	-	-	-	-	-	-	-	-	-
Vote 9 - TDS	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - HEALTH AGENCY	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - CORPORATE SERVICES	-	-	-	-	-	-	-	-	-	-	-	-
Example 10 - Vot10	-	-	-	-	-	-	-	-	-	-	-	-
Example 12 - Vot12	-	-	-	-	-	-	-	-	-	-	-	-
Example 13 - Vot13	-	-	-	-	-	-	-	-	-	-	-	-
Example 14 - Vot14	-	-	-	-	-	-	-	-	-	-	-	-
Example 15 - Vot15	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital and/or expenditure - Vots</b>	38 191	(38 191)	-	-	-	-	-	-	-	-	-	-
<b>Single year expenditure</b>												
<b>Single year expenditure</b>												
Vote 1 - REGIONAL DEVELOPMENT AND PLAN	49	(49)	15	15	-	-	-	-	10%	32%	-	-
Vote 2 - CULTURE AND DEV	297	(297)	6 977	6 986	-	(297)	100%	100%	100%	100%	-	-
Vote 3 - HUMAN RESOURCES	7 429	(7 429)	4 138	4 177	-	(7 429)	76%	4%	-	-	-	-
Vote 4 - RURAL AND SOCIAL	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - OFFICE OF THE MM	59	(59)	343	199	-	(59)	74%	100%	-	-	-	-
Vote 6 - FINANCIAL SERVICES	28	(28)	19	19	-	(28)	100%	100%	100%	100%	-	-
Vote 7 - CORPORATE SERVICES	2 209	(2 209)	2 049	1 799	-	(2 209)	91%	91%	100%	100%	-	-
Vote 8 - POLICE AGENCY	1 538	(1 538)	1 645	1 429	-	(1 538)	93%	93%	100%	100%	-	-
Vote 9 - TDS	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - HEALTH AGENCY	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - CORPORATE SERVICES	6	(6)	3	3	-	(6)	100%	100%	-	-	-	-
Example 10 - Vot10	-	-	-	-	-	-	-	-	-	-	-	-
Example 11 - Vot11	-	-	-	-	-	-	-	-	-	-	-	-
Example 12 - Vot12	-	-	-	-	-	-	-	-	-	-	-	-
Example 13 - Vot13	-	-	-	-	-	-	-	-	-	-	-	-
Example 14 - Vot14	-	-	-	-	-	-	-	-	-	-	-	-
Example 15 - Vot15	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital and/or expenditure - Vots</b>	11 299	(11 299)	10 912	11 249	-	(11 299)	95%	127%	-	-	-	-
<b>Total Capital Expenditure - Vots</b>	31 491	(31 491)	10 913	14 248	-	(31 491)	95%	475	-	-	-	-
<b>General Expenditure - Standard</b>												
<b>General Expenditure - Standard</b>												
General and administrative	17 984	(17 984)	8 885	9 420	-	(17 984)	77%	50%	-	-	-	-
Executive and board	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office	26	(26)	16	16	-	(26)	100%	57%	-	-	-	-
Corporate services	17 038	(17 038)	8 589	9 449	-	(17 038)	77%	57%	-	-	-	-
Overhead and project costing	21 759	(21 759)	8 197	9 495	-	(21 759)	77%	57%	-	-	-	-
Overhead and capital overhead	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	-	-	-
Public entity	11 690	(11 690)	5 143	5 686	-	(11 690)	97%	97%	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-
Economic	39	(39)	39	35	-	(39)	100%	89%	-	-	-	-
Economic and environmental services	2 399	(2 399)	1 643	1 643	-	(2 399)	100%	100%	100%	100%	-	-
Planning and development	-	-	-	-	-	-	-	-	-	-	-	-
Road transport	2 348	(2 348)	1 645	1 623	-	(2 348)	100%	70%	-	-	-	-
Environmental protection	49	(49)	-	-	-	(49)	100%	100%	-	-	-	-
Security	-	-	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-	-	-
Waste and environment	-	-	-	-	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	29 491	(29 491)	19 628	14 249	-	(29 491)	97%	475	-	-	-	-
<b>Profile Line</b>												
Internal Government	-	-	-	-	-	-	-	-	-	-	-	-
Provincial Government	3 319	(3 319)	1 603	1 602	-	(3 319)	85%	79%	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-	-	-
Other executive and grants	-	-	-	-	-	-	-	-	-	-	-	-
Transferred general capital	2 349	(2 349)	1 600	1 602	-	(2 349)	99%	79%	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-
Admittedly generated funds	28 131	(28 131)	14 688	13 694	-	(28 131)	89%	475	-	-	-	-
<b>Total Capital Pending</b>	21 491	(21 491)	14 629	14 248	-	(21 491)	89%	475	-	-	-	-

DC2 Cape Winelands DHE - Reconciliation of Table A7 Budgeted Cash Flows

R thousand	2018/19							2017/18 Retained Audited Outcome
	Original Budget	Budget Adjustments (I.o. &28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	
	1	2	3	4	5	6	7	8
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Rateseyem and other	122 478	6 028	128 507	111 272	(17 235)	86,8%	90,9%	
Government - operating	233 097	1 426	234 523	231 989	(2 534)	98,5%	99,5%	
Government - capital	-	-	-	-	-	-	-	
Interest	51 050	(850)	51 000	53 985	2 985	105,9%	104,1%	
Dividends	-	-	-	-	-	-	-	
Payments								
Suppliers and employees	(368 187)	4 787	(363 400)	(331 496)	31 994	91,2%	90,0%	
Finance charges	(8)	8	-	-	-	-	-	
Transfers and Grants	(8 271)	-	(8 271)	(11 424)	(2 153)	123,2%	123,2%	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>29 850</b>	<b>11 358</b>	<b>41 258</b>	<b>34 365</b>	<b>12 947</b>	<b>83,3%</b>	<b>181,3%</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	-	-	-	199	199	#DIV/0!	#DIV/0!	
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	
Payments								
Capital assets	(31 481)	14 865	(16 616)	(14 248)	2 585	64,7%	45,3%	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(31 481)</b>	<b>14 865</b>	<b>(16 616)</b>	<b>(14 248)</b>	<b>2 585</b>	<b>63,6%</b>	<b>44,6%</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans	-	-	-	-	-	-	-	
Borrowing long term/refinancing	-	-	-	-	-	-	-	
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	
Payments								
Repayment of borrowing	-	-	-	-	-	-	-	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(€ 522)</b>	<b>25 057</b>	<b>24 545</b>	<b>40 256</b>				
Cash/cash equivalents at the year begin:	592 131	-	616 034	616 034				
Cash/cash equivalents at the year end:	590 608	26 067	840 579	656 290	15 711	102,5%	111,1%	

## **Annexure B**

### **Disclosure of benefits in terms of the Local Government: Municipal System Act, 2000 (Act No. 32 of 2000), schedule 1.5(2) and schedule 2.5(1), in respect of business associations**

In terms of Schedule 1.5(2) A councillor who, or whose spouse, partner, business associate or close family member, acquired or stands to acquire any direct benefits from a contract concluded with the municipality, must disclose full particulars of the benefit which the councillor is aware at the first meeting of the municipal council at which it is possible for the councillor to make disclosure; and

In terms of Schedule 2.5(1) A staff member of a municipality who, or whose spouse, partner, business associate or close family member, acquired or stands to acquire any direct benefit from a contract concluded with the municipality, must disclose in writing full particulars of the benefit to the council.

BENEFICIARY	RELATIONSHIP	DETAIL (INDIRECT RELATION)	THIRD PARTY CONNECTION	2019	2018
WR Meiring (Groot Zand Boerdery)	Business Associate	HF Prins (Municipal Manager)	River Five CC	4 500	-

The Municipal Manager, Mr HF Prins, indicated in his quarterly and annual declaration of interest that he holds 25% share in River Five CC. Mr Prins has a business associate in River Five CC who is a beneficiary of the Cape Winelands District Municipality's Project: Renewable Infrastructure – Rural Areas in terms of the Policy for Electrification of Rural Homes and the Supply of Solar Water Heating Systems. Cognisance must be taken of the fact that the Municipal Manager does not have a direct relationship with the beneficiary of the Municipality.

Necessary internal controls are implemented to consider the possibility, and to assess the likelihood, that a relationship between the key management and councillors of the Municipality and related parties of suppliers with whom the Municipality does business with, would be able to influence a contract concluded by the Municipality in their mutual dealings, as envisaged in Schedules 1 par.5(2) and 2 par. 5(1) of the Municipal Systems Act.

